# NEW BRUNSWICK
# NOUVEAU-BRUNSWICK

PROCEEDINGS

POTATO GROWERS'

SEMINAR AND TRADE SHOW

February 17-20, 1986

Department of Agriculture & Rural Development
Ministère de l'agriculture et de l'aménagement rural

# PROCEEDINGS

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# SEMINAR AND TRADE SHOW

February 17-20, 1986

Seminar Co-ordinator: Dr. R. Parry, Wicklow, N.B.D.A.
Program Coordinators: R. P. Hinds, Wicklow, N.B.D.A.
G. Pelletier, Grand Falls, N.B.D.A.

Theme: Biotechnology and Trading Strategies - Prospects for Survival

Sponsored by: The N.B. Potato Industry Coordinating Committee
Potato Centre, Wicklow
N. B. Seed Growers' Association
Agriculture Canada, Regional Development Branch, Fredericton, N.B.

Hon. H. Myers, Minister

R. Saintonge, D. Minister

## FOREWARD

The Annual Potato Growers Seminar and Trade Show were held on February 17-20, 1986 at the Woodstock COmmunity College, Woodstock and the Pres-du-Lac Motel, Grand Falls.

A total of 495 industry representatives registered for this year's seminar which focused on Biotechnology and the U.S.A./Canada Free Trade scenario.

The success of this year's seminar can be attributed to the excellent presentations given by the program speakers on topics in vogue. The trade show exhibitors must be complemented for their continuing support and concern for the N.B. Potato Industry.

On behalf of all organizations and individuals who assisted to make the 1986 N.B. Potato Growers Seminar and Trade Show an outstanding success, we extend our sincere appreciation. We are certain that with your continued support, N.B. potatoes will remain a quality spud on the world market place.

P. S. Jones
Head, Potato Center

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# OPENING REMARKS TO THE POTATO GROWERS SEMINAR AT GRAND FALLS

HON. HAZEN MYERS
MINISTER OF AGRICULTURE
NEW BRUNSWICK

Mr. Chairman,

Organizers of this Potato Growers' Seminar,
Trade Show Participants,
Growers of the best potatoes in the world

Being the first speaker on this busy two day program gives me the opportunity to welcome you here today. Yesterday, I had the opportunity to close the seminar at Woodstock and I must say I was impressed by the excellent variety of topics that were on the agenda.

There are some very serious problems facing agriculture today, particularly you farmers who have specialized in producing potatoes. Perhaps some of the answers you are looking for will come out of the sessions over the next t days.

I am very happy to see the program has given some time and recognition to the role of the ladies in the survival of the family farm. Farming is a partnership between the husband and the wife on many of our farms and I know that the stress and worry is shared. Mrs. MacMurdo will undoubtedly give you a lot to think about during her presentation.

I also want to say a few words about the people who help make this seminar a well rounded two days. The Trade Show participants are an important feature of any seminar. The Trade Show provides information and financial support and I thank them for their continued interest in Agriculture.

Today and tomorrow, you will hear a variety of presentations of the financial problems facing farmers, the Right to Farm issue, Marketing, Farm Organizations, the Scientific Aspects of Potato Production, Trade difficulties we have had with the United States, and the Free Trade Discussions now going on between our two countries.

I am sure there will be a great deal of information that will be important to you and I trust you will participate fully in discussions.

The benefit you derive from any meeting such as this comes, not from all you hear but from what you can use both now

and in the future. Perhaps you will receive information that will be of immediate benefit, and help you do a better job this spring. Perhaps it will be something that will be a longer range benefit but the important thing is you will hear new ideas and information and keep up-to-date.

I want to thank the Staff of the Potato Centre at Wicklow, the New Brunswick Seed Growers Association and the Potato Industry Co-ordinating Committee for the work they put into planning and staging this seminar.

Yesterday, I commented on the beautiful Community College at Woodstock and its agricultural program. I know you have an equally good facility here in Grand Falls and I want to visit it in the near future.

Agricultural Education is important for our future farmers. We are living in a very complex world and the scientific side of Agriculture is increasing by leaps and bounds. The farmers of tomorrow will have to be well educated to understand and use the latest technology on the farm to grow food. I think we have taken positive steps in this province to ensure we have the trained young people to operate our farms for the future.

You, as potato producers, know well how your production meth[illegible] have changed over the last few years. There are new

ways to doing old things and new management required for new varieties of potatoes. Growing for a specific market requirement requires knowledge on your part. I am sure our Agricultural schools will help prepare future farmers for the changes yet to come.

Since becoming Minister, I have heard repeatedly that farmers had to do a better job telling the public what they are doing. In other words, the farmers had to do a public relations job to convince the public and the consumers that they were out there on the farms.

I believe that has been done. There are very few people in Canada who don't know that farmers have been hit with financial problems and some have gone out of business. Over the last few years, farmers have made their point and created a public awareness.

Now, I believe the time has come to start a realistic dialogue with your customers --- the consumers who buy and eat your product. You have to know what they want. You are businessmen who must see the end result on the balance sheet in terms of how well you met the market demand.

Any businessman making a product must determine whether the public wants it or not. If it does not sell, I have a feeling there would be little public sympathy for that

businessman if he continued to make the product until he went broke. That is the cold, hard facts of life in the real world and whether it is farming to produce potatoes or manufacturing televisions, the same principles apply in the marketplace.

If any manufacturer overproduces and winds up flooding the market, two things have to happen. Either he faces the music and takes a lower price and a loss, or he stops producing the products until the surplus moves though the system.

I believe you as potato producers, know that is exactly what is happening in your business to some extent. Competition, consumer demand and product quality are the criteria that is used for all products. The consumer, as the final judge, either spends the money to buy the product or chooses another one that he believes is a better value.

Do we know what the potato buying customer wants today? Do we know what price the customer is willing to pay? Do we know why we are over-producing potatoes in North America.

I think most of those questions have been answered in our own minds for some time now. We have arrived at that point in time when we must rationally put into perspective what we know and set in place solutions to overcome the problems for

the future. Unless the potato industry is willing to face the music and take hard steps that are required to put it on a sounder business basis, the laws of economics will take care of it for us.

I don't want to be a pessimist. I try to be a realist as much as possible. I believe there are ways to solve some of the dilemma you potato growers face from time to time with "Now you Have it -- Now you Don't" potato prices.

The Potato Industry is a very important part of the agricultural economy of this province. We must --- and I am referring to governments, producers, shippers, packers and processors--- do everything we can to achieve a stability that will permit us to have a potato industry in the future.

There are some tough decisions that have to be made. I am sure there are some of you here today that know exactly what those decisions are, for your particular operation.

You have exercised far more restraint than our neighbours in the acres you have planted. That is why I am pushing so hard for a National Agency, not to control you, but to control those provinces who are adding thousands of acres a year to potato production.

We live in an age of government restraint. All levels of government have had to come to grips with the growing deficit between what is spent and what is taken in as revenues. Governments spend to meet the demands of the people for services. Governments take in revenue through taxes.

The first is popular but if you take any of those services away, there is a protest. The other -- the taxes to pay for the services -- are always unpopular and if you raise taxes, there is again a protest.

I can tell you now that it is difficult to get money for Agriculture or any other sector of the economy from either the federal or the Provincial Governments. Every dollar spent in one direction has to come from something else. Agriculture is important but at the same time, it must compete for the funds available and the resources at the disposal of the government.

Having said that, I want to assure you that I will do whatever is possible to help you during these difficult days for the potato industry. As I said before, my options are not infinite and the resources available are not as large as I would like to see them.

We can make some progress, however, by carefully looking at our options and trying to make constructive changes to production, storage and most importantly, marketing for our annual potato crop. I believe we have a potential off-shore market to develop and with the steps we have taken in New Brunswick to produce top quality seed, we are ready to offer the customers a quality product that will do well in their fields.

There will not be an overnight turn-around in off-shore sales. It is a long range development that must take place and the world competition for the markets makes it difficult to break into new markets. We are doing our best and I will be turning a lot of attention to some of those markets in the near future.

We must be ready for opportunities and take advantage of them if we are to expand in the seed export business.

1986 is moving rapidly ahead. Another three months and you will be ready to plant the crop for next year's markets.

I wish you well with 1986. Let's hope for better markets for the crop with higher prices for the producers.

# OPENING REMARKS AND WELCOME TO THE POTATO GROWERS SEMINAR AT WOODSTOCK

Jack McKay
Assistant Deputy Minister of Agriculture
N.B.

Welcome to the 1986 Potato Growers' Seminar and Trade Show. First I want to complement the organizing committee on putting together such an excellent program. The major discussion areas are most appropriate in this time of crisis in the potato industry.

I do not have to tell you the present situation is not bright. Too many potatoes at depressed prices has caused real concern throughout the industry. I note from the program you will be addressing some of these concerns today.

Although you as New Brunswick growers demonstrated responsibility by trimming acreage last spring, other areas did not follow the same approach. Increased acreage coupled with an excellent growing season in all the major production areas of the continent resulted in high supplies of high quality potatoes.

Our Department in co-operation with your industry organizations has been pressing the Federal vernment for some form of assistance for potato producers. This is a long, slow process, however we are hopeful that we will be successful in our efforts. As a matter of fact Mr. Myers was communicating with the Federal Ministry on this matter just last Friday.

We have to work hard to develop new markets and to produce to meet those markets. We can no longer produce potatoes for the sake of producing potatoes, but must be aware of market demands and ready to accept the challenge of the modern marketplace. This of course includes the provision of acceptable varieties - through our present multiplication system we are in an excellent position to quickly shift production practices. We must be constantly aware of our production practices and be prepared to carry out those that will maintain and improve marketable yield. Good crop management will continue to be a significant factor in assuring high marketable yields, thus increased profits and/or reduced losses.

The area of Biotechnology is relatively new, but is a field to which we must pay close attention. The way we produce food and the products we produce may change drastically over the next 15 years. We must watch development in this field very closely and be ready to move very quickly so that our competitive position is not adversely affected.

The Government of Canada is expected to introduce Breeders Rights Legislation this year. The Department has supported the introduction of such legislation because it should provide for increased marketing opportunities.

The financial situation of the farm enterprise is very serious. We have been working with Agriculture Canada to try to relieve the pressure through diversions and stabilization, but we all know that this is not the solution to this long-standing problem in the potato industry. A better marketing organization is needed on a regional or national basis. On the provincial level I might add that the N.B. Potato Agency is doing its best to help you and they need your support, now more than ever.

As you are all aware, Canada is now involved in free trade discussions with the United States. These discussions and the resulting decisions could have far reaching consequences on the N.B. potato industry. As producers I urge you to become involved through your organizations in these on-going discussions. Only when we are well informed and knowledgeable about the implications of free trade will we be in a position to make effective decisions. The Department is actively involved in the free trade issue and we are actively seeking input from farmers on all commodities.

The potato industry is a major significant contributor to the agricultural economy of this province. It is worthy of your attention and participation at these sessions. The program is designed to address many of the problems facing growers and hopefully will help provide some answers to your questions and concerns.

# THE ROLE OF BIOTECHNOLOGY IN AGRICULTURE

Dr. Tina Barsby
Group Leader
Plant Tissue Culture
Allelix Inc.
Mississauga, Ontario

It has often been said that "Biotechnology" will be to the next fifty years what physics was to the last fifty. How do we define biotechnology and what benefits can we hope to see in agriculture in the future? I will try to give some insights from the perspective of a researcher in a major Canadian biotechnology company.

Biotechnology may be defined as the application of biological organisms, systems, or processes to provide goods or services. In agriculture this really means complementing the plant breeding process with novel techniques.

The two primary limitations of traditional plant breeding are the time and cost required to develop new plant varieties with agronomically useful traits, and the sexual barriers which limit

access to and transfer of agronomically useful traits found in related species. Biotechnology will impact agriculture in the future as it becomes able to transcend these limitations and provide the means to produce better crops more efficiently.

Basically, there are two ways to improve crops using biotechnology: either by manipulating plant genetics or by manipulating the microorganisms which are associated with the plants.

Plant genetic manipulation includes plant breeding and selection; biotechnology is a supplement, not a substitute. Breeding will usually be required after the biotechnological manipulation has been made in order to incorporate the improvement into a cultivar of interest. Most biotechnological manipulations revolve around the central technology of regenerating whole plants from single (or a few) cells. This technology enables the handling of millions of potential plants in a test tube in the laboratory. These individuals can then be altered and isolated "in vitro" (literally, "under glass"). Some manipulations which involve an in vitro phase are: micropropagation, in which desirable genotypes are multiplied rapidly; somaclonal variation, involving the selection of useful variants from tissue cultures; somatic hybridization, which can combine crop species with wild relatives to access beneficial traits; haploidy, rapidly developing inbred breeding populations, some types of mutagenesis and selection, to include

novel characters; and so-called "plant genetic engineering" involving recombinant DNA technology, which can move genes from one plant into another.

The manipulation of plant-associated microorganisms is the second way in which biotechnology can affect agriculture. Microorganisms are often associated with plant diseases, but same microorganisms are non-pathogenic and can actually promote plant growth. Others are natural biological control agents, inhibiting the development of disease-causing organisms. There are essentially three steps involved in using these beneficial organisms for agriculture. Firstly, large populations of microbes must be collected and screened for beneficial activity. Then they may be manipulated in the laboratory using such techniques as protoplast fusion and transformation with recombinant DNA. This step is only necessary if the selected microbes require modification. Finally, the organisms must be produced in large quantities by some sort of fermentation process, and a means of delivering the organisms to the plant must be formulated.

So how will biotechnology impact agriculture? Plant cell manipulations have led to an increase in the variability available to the breeders of several crops by providing lines with novel traits. Herbicide tolerance, for example, can expand the production range of a crop by allowing it to be grown in areas previously infested with weeds. This trait might also

allow increased flexibility in crop rotation by making plants impervious to herbicide residues in the soil. Alfalfa plants tolerant to phosphinothricin have been produced by *in vitro* selection, and glyphosate-tolerant tobacco plants have been produced by genetic engineering with DNA from bacteria. Other examples include the development of high solids tomatoes by selecting variants from tissue culture. There have also been reports of tissue culture propagated potatoes resistant to blight and scab. Most of these examples are from the scientific literature, and it is difficult to say when or if these traits will show up in marketed cultivars. Much depends on the time requirements for both breeding these traits into desirable cultivars and bulking up sufficient seed for farmers' plantings, matters which are largely outside the control of the biotechnologist.

Other techniques involving plant cell cultures can be used to shorten certain phases of the breeding cycle. Growing whole plants from immature pollen grains in the laboratory provides a rapidly available source of inbred lines with the assurance that the characteristics of the particular lines are fixed and will breed true. The same degree of assurance that can be achieved in the laboratory in a few months can take several years using conventional backcross techniques, particularly with winter-planted crops where the plant's lifecycles are prolonged.

Microbial products of biotechnology will include superior nitrogen fixers to replace currently available inoculants for legumes. Other inoculants under development include those which stimulate early growth and/or yield of various crops; some of the earliest reports of these phenomena were with potatoes.

Microbials may also be tailored to locations where agrichemicals are unavailable or cost-inefficient for the control of pests and pathogens. Again, most of the present examples appear in the scientific literature and few have been commercialized. The bacterium Baccillus thuringiensis produces a natural insecticide. The gene for this compound has been isolated and introduced into other bacteria which grows better in the plant environment. Another research goal is to introduce this gene into the plant itself, enabling it to manufacture its own pesticide. Biological control of nematodes and various fungal pathogens by soil-inhabiting microorganisms has also been demonstrated.

One of the most prominent agricultural applications of microbial technology is the use of "ice-minus" bacteria to prevent frost damage. When sprayed onto plants the bacteria prevents ice from forming on the leaves and therefore protects the plants. The California-based company which has been developing this system has not been able to field test it because of the regulatory uncertainty surrounding the release of genetically engineered

organisms into the environment. Naturally potatoes are one of the preferred target crops, so we should expect to see information concerning the possibilities for potatoes as soon as the testing is allowed. In this case the "time to market" is presently under the control of understandably concerned governments.

Biotechnology is still in its infancy, especially as far as agricultural applications are concerned. Micropropagated potatoes already form a vital part of certified seed production, rapidly providing sources of virus-free material. Haploid cultures have been used to produce inbred lines in barley. Non-Rhizobial inoculants are expected to be on the market in 1988 and plants produced by protoplast fusion should appear by 1990. Plants modified by recombinant DNA could be sown in farmers' fields in 1991.

Several challenges for scientists and others in the biotechnology industry can be recognized. Genes governing useful agronomic traits must be identified at the biochemical level, extracted from their source and reinserted and expressed in crop plants. Biotechnological advances in cereals lag behind those in other crops because cereals do not respond to many basic tissue culture techniques. A breakthrough in this area would open the door for many improvements since the genetics of cereals are generally well understood. In the soil microbiology area, the major challenge is to develop systems for controlled

release into the environment. Finally, if we are ever to realize the full benefits of biotechnology, we must all participate in improving and clarifying the regulatory environment surrounding biotechnology.

# LEGAL ASPECTS OF BIOTECHNOLOGY

Mike Henry
Commercial Analyst
Agri Products
Allelix Inc.
Mississauga, Ontario

Many social and other factors interact with the development of biotechnology. While some leading factors "pull" biotechnology along in a causative way, other trailing factors are "pulled" by, or caused by, biotechnology.

Emergence of the technology itself is a key leading factor. To a lesser extent, the geopolitical considerations of helping the Third World and maintaining international competitiveness, along with the recognition of potential economic benefits, have boosted biotechnology.

Trailing factors precipitated by biotechnology include concerns for human health and the environment and, addressing these concerns and others, the legal aspects of biotechnology.

The legal aspects of biotechnology fall into two broad categories: protection of intellectual property and

regulations. Protection of the products of biotechnology research may be conferred by Plant Breeders' Rights, which exist in most nations but not Canada; patents, e.g. the first plant patent in the U.S., Molecular Genetics Inc. patent for high tryptophan corn, awarded in 1985; and trademarks. Biotechnology regulation focuses on occupational hazards, research and manufacturing containment, deliberate environmental release of organisms, product registration, liability and compensation in case of accidents, and export controls.

Why is there growing interest in biotechnology regulation? Such regulation has not been emphasized in the past because biotechnology constitutes a small field in which existing regulations often apply due to the similarity to conventional biological products in the pharmaceutical, chemical and seed industries. In addition, the biotechnology industry has been blessed by the absence of disasters paralleling Three Mile Island in the nuclear reactor industry, or Union Carbide's Bhopal accident in the chemical industry.

Biotechnology regulation is needed now because of both the public controversy surrounding the deliberate environmental release of genetically engineered "ice minus" bacteria in California and the commercialization of biotechnology products. Commercialization not only ushers in greater magnitudes of risk but also demands the elimination of regulatory uncertainty which inhibits commercial development. Common sense dictates that a

new technology is more easily regulated before incorporation into the economy, and that prevention is preferable to crisis response.

Regulatory extremes threaten various disadvantages. "Over" regulation creates a negative perception of the business climate and stifles technological and commercial development, resulting in the domestic biotechnology industry's loss of competitiveness, investment, key human resources, jobs, and eventually attrition of companies through bankruptcy or flight elsewhere. "Under" regulation exposes the population to health and environmental risks with concomitant compensation and clean up costs.

Biotechnology regulation can be segmented by geographical scope. At the international level, the Organization for Economic Cooperation and Development (whose membership includes Canada, U.S., Japan and Western Europe) issued policy recommendations for recombinant DNA safety considerations in February 1986. Nationally, the Ministry of State for Science and Technology (MOSST) chairs an interagency committee which includes representatives of the departments of Agriculture, Environment, Labour, and Health and Welfare. Provincial governments are involved, particularly the Ontario Environmental Protection Agency. Regulation even exists at the municipal level: Cambridge, Massachusetts and Berkeley, California, the homes of the biotechnology-pioneering schools Harvard and the

University of California, respectively, have local ordinances regulating biotechnology companies.

Existing Canadian structures which apply to biotechnology regulation are listed in figure 1 and contrasted to analogous U.S. regulatory structure in figure 2. Industry observers suggest that the existing federal agencies of both countries are adequate and appropriate for biotechnology regulation. Similarity of regulatory structures between Canada and the U.S. is fortunate and important, since the U.S. is our largest export market.

Emerging Canadian biotechnology regulation lags the U.S. because biotechnology is newer here. Three MOSST-sponsored reports expected during March-June 1986 will clarify the Canadian position: an inventory of applicable federal and provincial law and policy; policy issues for biotechnology regulation; and a discussion paper on Canadian biotechnology policy.

Currently, much of the risk of agricultural biotechnology is associated with deliberate environmental release of engineered, or recombinant DNA' organisms. For engineered crops, potential risks include expression of toxins, sexual gene exchange with related crops or weeds, and extreme competitiveness or tendency toward weediness. In addition to similar risks, potential dangers with microbes include perturbation of the physical

environment, such as altering weather patterns. In general, the risk is negative impacts on non-target organisms.

Deliberate release issues invoked by regulatory and legal arguments focus on whether the release organism is plant or microbe; natural or genetically engineered; indigenous or non-indigenous; and living or killed. Various levels of risk are associated with these different conditions, as demonstrated by deliberate release cases in the U.S.

In 1983, Advanced Genetic Sciences Inc. of Berkeley, California attempted field testing on potato of the infamous "ice minus", a living engineered bacterium for preventing frost damage to crops. In September 1983, a legal suit by an anti-technology group blocked the field test, which had been approved by the National Institutes of Health (NIH). Despite subsequent environmental assessment and approval by the NIH and EPA, a field test on 0.2 acres of strawberry in Salinas, California was blocked by public uproar during February 1986. As a result, a two-year moratorium on all field testing of engineered organisms may be imposed in the U.S. In contrast, Mycogen Corp. of San Diego successfully field tested a killed engineered bacterium containing an insecticidal toxin in Florida during Fall 1985. The fact that the bacterium was killed, and thus unable to multiply in the environment (unlike living ice minus), was a pivotal factor in the EPA decision to approve the field test.

No engineered plant has been released into the environment, although two U.S. biotechnology companies, Agracetus and Calgene, are currently awaiting USDA approval for field tests.

The cases to date, demonstrate that much uncertainty surrounds agricultural biotechnology regulation. The regulatory environment is moving from an ad hoc to a systematic approach, however, as companies, government agencies and the courts gain experience with, and evaluate, biotechnology.

The author perceives the following roles in biotechnology regulation for government, industry, farmers and consumers. Federal government must establish guidelines, resolve the jurisdictions of regulatory agencies, minimize regulatory uncertainty, monitor ongoing developments, and coordinate efforts with international groups. The role of provincial government is primarily cooperation with, and enforcement of, federal regulations. Municipalities should enact no legislation.

The biotechnology industry should assume a proactive stance in policy making, e.g. Allelix Chairman John Evans chairs the National Biotechnology Advisory Committee which advises Ottawa. Besides collaboration with government, industry should educate the public about biotechnology.

Public education is a role that farmers can also play as they become familiar with biotechnology products. Advocacy through trade organizations constitutes another role for farmers.

Consumers should advocate their positions through public interest groups and programs for public participation in government, e.g. Agriculture Canada's program for public input into the pesticide registration process.

Today we recognize that biotechnology has the potential to add vast value to agriculture, and help maintain the competitiveness of this key segment of the Canadian economy in the world marketplace. This potential can only be realized if we develop a sensitive, flexible and unburdensome regulatory framework within which biotechnology can prosper.

Figure 1.

1. Canadian structures for biotechnology regulation.

| Agency | Law |
|---|---|
| ◦ Environment (and Health & Welfare) | Environmental Contaminants Act, Hazardous Products Act |
| ◦ Agriculture | Pest Control Products Act |
| ◦ Canadian Seed Growers Assoc. (and Agriculture) | Canada Seeds Act, Seed Regulations |
| ◦ Medical Research Council | rDNA Guidelines |
| ◦ Labour | Canada Labour Code |

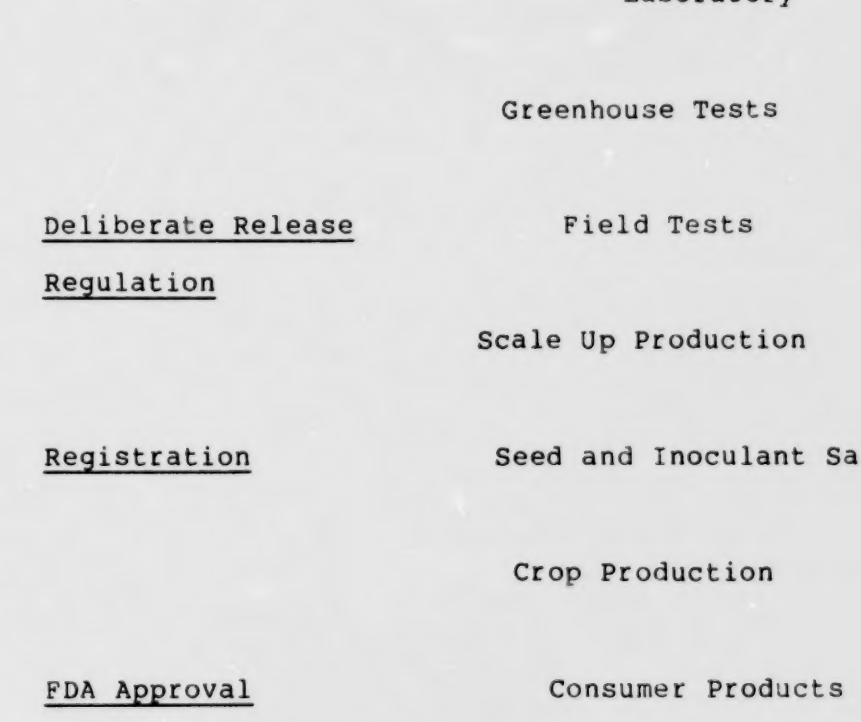
Figure 2.

2. Analogous Regulator Structures - Canada and U.S.

| Canada | | United States | |
|---|---|---|---|
| Agency | Law | Agency | Law |
| Environment,H&W | ECA, HPA | EPA | TSCA |
| Agriculture | PCPA | EPA | FIFRA |
| CSGA | CSAR | USDA | PVPA |
| MRC | rDNA Guidelines | NIH | rDNA Guidelines |
| Labour | Labour Code | OSHA | GLP |

Figure 3.

3. Agricultural biotechnology from test tube to table - key stages for regulation in the value chain.



# PLANT BREEDERS' RIGHTS - IMPACT ON POTATO GROWERS

W. T. Bradnock, Director
Seeds Division
Plant Health & Plant Products Directorate
Ottawa

## INTRODUCTION

The Minister of Agriculture, Mr. Wise, has announced that he intends to introduce Plant Breeders' Rights legislation into Parliament in the near future. Such legislation was tabled by the previous government but was never debated and so the Bill died at the end of th Parliamentary session.

Almost every agriculturally developed country in the world with the exception of Australia and Canada, already has Plant Breeders' Rights legislation in effect. Because Canada does not have this legislation there is little incentive for private plant breeding, protected foreign varieties are withheld from our market and in most countries Canadian plant breeders cannot protect their varieties.

Details of the legislation. The breeder of a new, distinct, uniform, stable variety has the exclusive right to produce for sale and to sell reproductive material of the variety. If others reproduce or sell the variety the breeder has the right to impose conditions including the collection of a royalty.

Sequence of events. Once the decision is finally taken to proceed with the legislation there will be quite a long time period taken until it goes into effect. First the bill will have to be tabled in Parliament. This is called First Reading. On Second Reading there is a debate on the principle of the Bill. If the three parties in Parliament remain consistent to the position they have taken in the past then the conservative and the Liberals can be expected to support the legislation and the NDP to oppose it.

At the end of the debate on Second Reading there would normally be a vote to refer the legislation to a Legislative committee. The Legislative Committee, made up of members of all parties, studies the Bill in detail and may interview expert witnesses who have particular concerns with the legislation. The Legislative Committee may recommend amendments to the Bill. Such amendments are brought back to the whole body of the House and they are voted on and then the Bill itself is voted on. Assuming the Bill passes this vote, called Third Reading, it is then referred to the Senate.

In the Senate they go through the same three readings, they may also hold hearings on the Bill if they consider it necessary. If the Senate recommends amendments to the Bill they will be sent back to the House. Once all the votes have been taken, the Bill goes for Royal Assent and is signed by the Governor-General.

The Bill is enabling legislation which only comes into effect when regulations are passed. A plant breeders' rights office will be established to administer the Bill and an Advisory Committee, of people involved in plant breeding, seed growing, seed selling and so on, will be set up to advise on the priorities for introduction of the legislation. The Advisory Committee will recommend which species should be covered first and what special regulations should apply to each particular species, for example potatoes. As will be explained in more detail later, the right that is granted to the plant breeder may be restricted in the public interest and the regulations may say for each new species how the right could be administered and how it could be limited.

Effect of the Right. The breeder (or owner) of a protected variety can control who may grow his variety and can either charge that person a royalty for all seed sold or could insist that all seed must go back to the owner for him to sell.

Probable impact on potato growers. The expected impact of this legislation on potato growers is rather different from the expected impact on growers of other crops. Even amongst potato growers there will be considerable differences depending on what the grower produces and for what particular market.

One of the key points with respect to the legislation is that it is not retroactive. It applies only to new varieties. in other countries it has been noted that the rate of changeover in varieties of potatoes is extremely slow even after the introduction of Plant Breeders' Rights legislation. This contrasts very markedly with crops like cereals where over a ten year period there may be a complete changeover of varieties. I note from a study of the 1985 Netherlands Catalogue of Varieties that the variety Bintje is still included. This variety was bred in the early 1900's. There has been a similar slow changeover of varieties in other countries such as the United Kingdom.

While I realize that seed potato growers or table potato growers or processing potato growers do not necessarily specialize but may participate in all three markets, the following examples may help in estimating the possible impact of the legislation:

Situation 1

A grower grows for the processing plant or a seed grower grows to supply processing growers. In this case the varieties in question may well be varieties such as Russet Burbank and Shepody, which meet the particular requirements of the processing company. So long as these varieties remain in demand by the processing companies then there will be no reason to

change and so Plant Breeders' Rights legislation will have no impact. It seem likely that in ten years time Russet Burbank and Shepody will still be important varieties for processing purposes.

Situation 2

A grower grows to supply the tablestock market or a seed grower grows to supply tablestock producers. In this situation the grower may be faced with a choice as new, protected varieties come onto the market. If he is satisfied with the performance of his present varieties and if the market demand for these varieties is good then he will have no reason to change. However, he may be subject to competition from new varieties which have greater market demand. If a new variety is introduced which has desirable attributes, for example if it is earlier or it yields higher or there is market demand because of its skin or flesh colour or its' cooking quality, then the grower has to make a decision as to whether he wants to stay with his traditional varieties or whether he wants to try some of the new varieties.

In this situation the seed grower will have to have the permission of the owner of the variety to multiply and sell seed and will almost certainly have to pay a royalty. Because the seed grower will have paid a royalty, the tablestock grower can expect to pay a higher price for seed.

Situation 3.

A seed grower growing for export purposes. The export market is very variety sensitive. Certain of our varieties are accepted in particular markets, for example Kennebec is the only variety we produce that is acceptable in Portugal. For Spain we can produce Kennebec and Red Pontiac. For Greece we can produce Sebago. Naturally we hope that these markets will continue to demand these varieties. However, importers in many of our markets would be delighted if we had Plant Breeders' Rights legislation. They would like to have exclusive rights for distribution of our varieties. Our market share in Greece has been gradually declining but the indications are that if we could offer Greek importers exclusive rights on our varieties then the market share would increase again. Similar comments have been made from Spain.

With the advent of plant breeders' rights we can expect much more specialized seed production for export purposes. This may well be under contract or under formal or informal agreement.

Protection against possible adverse effects of the legislation

There are two possible adverse effects that could occur because of Plant Bredders' Rights legislation: 1. Growers could be excluded from access to restricted release varieties. 2. The

payment of royalties will increase the price of seed. There are provisions in the legislation to counteract both of these effects.

The objective of the legislation is to ensure that the breeder of a variety gets a reasonable return on that variety. At the same time the breeder is required to keep the market supplied with the variety at a reasonable price. To prevent a plant breeder restricting the supply of seed of his variety to increase the price or asking an unfair royalty, there is a provision for compulsory licensing. Anyone who feels unfairly restricted from access to a variety or who feels they are being asked to pay an unreasonable royalty can apply to the Registrar of Plant Breeders' Rights for a compulsory license. Such a license, when granted, requires that anyone can have access to the variety to sell at a royalty rate specified by the Registrar.

There is also provision in the legislation for automatic licensing. An Automatic license would do away with the exclusive right of the plant breeder and only allow the plant breeder to collect a royalty. An automatic license might be granted on the advice of the Advisory Committee for all the varieties of a particular species. This would depend on the marketing system for the particular kind in question.

Predicted effects for Potatoes

Because the case has been made that Canada needs access to protected foreign potato varieties, it is probable that the Advisory Committee will recommend that potatoes be given priority when the legislation is being brought into effect. Somewhere, six months to a year after the passing of the legislation, it can be expected that there will be regulations bringing in Plant Breeders' Rights for potatoes. This will have two effects:

1. Agriculture Canada will start to collect royalties. The Minister has already indicated that he wishes to have royalties collected on Agriculture Canada varieties and that he wishes those royalties to be used to fund additional research. In these times of financial restraint this is one of the few ways available to supplement research budgets. Obviously this will only apply to new varieties released after the legislation has come into effect.

2. Foreign plant breeders will start applying for rights for their varieties. There are extremely successful plant breeding programmes in a number of European countries and it can be expected that many of those varieties will be tried in Canada. It can also be expected that not all of them will be successful, but it is hoped that at least some of them will give new production possibilities and new possibilities in the export market.

It is not anticipated, at least in the short term, that there will be private plant breeding programmes established for potatoes. However, what can be anticipated is, the testing of seedlings bred in other countries. This could then be the forerunner to the establishment of private plant breeding programmes in Canada.

Because of the slow rate of plant breeding and the slow rate of change in the potato industry, I do not forecast that there will be any very marked impact from plant breeders rights in the first five years. There is no question that any additional costs would be most unwelcome in an industry that is already hard pressed. However, in the long term, this will be more than compensated for by the additional market opportunities.

# IMPACT OF A USA/CANADA FREE TRADE AGREEMENT ON THE AGRI-FOOD SECTOR CANADA/USA TRADE NEGOTIATIONS

T. G. Norman, Chief, Trade Policy
Econ. and Policy Coordinating Branch
Ottawa

## INTRODUCTION

You have asked me to speak on the subject of Canada/United States "free trade". Let me begin by stating that "free trade" is a misleading phrase. The Government's intention is to attempt to negotiate enhanced and more secure terms of access to the United States market. It is likely that his could result in "free trade" for some commodities for products (this has already been achieved for many products) but it is very unlikely that these negotiations would result in "free trade" for all products as the phrase implies. In my view, "freer trade" is a much more appropriate expression.

I understand that you would like me to discuss the likely impact on the Agri-food sector of freer trade with the United States. However, I hope that you will understand that such a discussion is premature and would be nothing more than pure speculation on

my part since it is not even certain yet if there will be a negotiation. Initial negotiating positions have not been developed yet on either side of the border and any public speculation on possible results by a Government official at this date would be quite risky and probably counter-productive.

What I can do, is describe some of the background explaining why the Canadian Government has decided that it should attempt to negotiate with the United States, how the Government is organizing for these negotiations, provide a brief description of Canada/USA agricultural trade and make a few comments on the potato industry in relation to these negotiations.

BACKGROUND

As you are probably aware, during the past few years Canada has had a number of trade problems with the United States which have affected or threatened certain steel products and softwood lumber in the heavy industry and forestry sectors, as well as hogs, potatoes and raspberries to mention a few agricultural products. These trade concerns or irritants are indicative of increasing protectionism in the United States. This increasing protectionism is also very apparent in Congress where many bills have been introduced to deal with various problems caused by imports. One of the major factors causing these concerns in the United States has been the strength of the U.S. economy and the resulting strength of the U.S. dollar in relation to other

currencies. This has made U.S. exports more expensive in other markets and has made imports more competitive in the U.S. market.

This increasing protectionism in the United States presents a serious problem for Canada given that more than 75 percent of Canada's total exports are sold in the United States. The share of Canadian agricultural exports going to the United States is only about 22 percent, in view of the large share of agricultural exports accounted for by grain and oilseeds which go mainly to overseas markets. However, the United States is still our largest individual export market for agricultural products and is virtually the only market for several important agricultural commodities. In 1984, the United States accounted for 54.5 percent of Canadian agricultural exports excluding grains and oilseeds and this share has been growing in recent years.

Clearly the problem facing Canada is how can we best attempt to deal with this increasing protectionism in our most important export market? This issue was addressed in a Discussion Paper released by the Honourable James Kelleher, Minister for International Trade, early in 1985. This paper titled, "How to Secure and Enhance Canadian Access to Export Markets", discussed this problem and several possible ways of attempting to deal with it. Mr. Kelleher then appointed Mr. Tom Burns to receive briefs and responses from the various sector groups who expressed an interest in reacting to this Discussion Paper.

During the spring and summer of 1985 Mr. Burns received these briefs and held 91 confidential consultations. He reported to Mr. Kelleher in September. After Cabinet consideration of this issue and the views of Canadian interest groups as expressed to Mr. Burns, the Prime Minister announced in September that Canada would seek the initiation of a negotiation with the United States as the best means of furthering Canada's bilateral trade interests. The main objectives of seeking such a negotiation are to secure Canadian access to the U.S. market through limiting the effect on Canada of U.S. trade remedy laws and the development of clearer definitions of counteravailable financial assistance programs (subsidies) for several sectors including agriculture, to enhance our market access through more open access to Federal and State procurement markets and through broad trade liberalization through the elimination of trade barriers, and to enshrine our market access through the establishment of a strong dispute settlement mechanism and the negotiation of a treaty or agreement to record our mutual obligations.

On December 10, 1985, President Reagan informed the U.S. Congress of his intention to initiate negotiations with Canada. Under U.S. law, Congress has sixty sitting days to inform the President if it is opposed to such negotiations or to indicate any limitations on negotiating authority which it wishes to impose. If there is no response by the time limit, then the President is free to initiate the negotiations. However, even

if the Congress does not impose any conditions or limitations, it is clear that the results of any such negotiation will have to be approved by Congress. Therefore, there will obviously be close liaison and consultation between the U.S. Administration and Congress during the course of the negotiations. It is now expected that an initial meeting between negotiators to discuss the parameters of a negotiation and how to negotiate various sectors or problems will not likely occur until May or June and the entire negotiations is expected to require about two years.

CANADIAN GOVERNMENT ORGANIZATION FOR NEGOTIATIONS

In November, the Government announced the appointment of Mr. Simon Reisman, a former Deputy Minister of Finance, as Canada's Chief Negotiator for both the Canada/United States Negotiations and also for a new round of Multilateral Trade Negotiations which are expected to begin later this year under the General Agreement on Tariffs and Trade (GATT). Mr. Reisman is now in the process of establishing his negotiating team and, as in past negotiations, this team will include specialists from several Government departments including Agriculture Canada.

In addition, the Government has announced the establishment of a Trade Advisory Committee under the chairmanship of Mr. Walter Light. This Committee will advise the Government on all trade negotiations matters and will be made up of representatives from all sectors of the Canadian economy including agriculture which

will be represented by Walter Kroeker and Ted Turner. As well, a series of sector advisory committees will be established to provide more specific negotiating advice for the various sectors. It is expected that an Agriculture, Food and Beverage Advisory Committee will be established with representatives selected from various commodity sectors and from all regions of the country. This committee will be expected to provide advice to the Government and the negotiating team on all aspects of negotiations concerning agricultural, food and beverage products.

Separate consultative mechanisms will also be set up for Federal/Provincial consultations and coordination for these negotiations. From the foregoing, you can see that you and all other commodity groups will have ample opportunity to consult and to express your views to the Government concerning these negotiations.

The last general point I would like to make concerning the negotiating process is to point out that negotiating positions and the acceptability of results are not decided by Chief Negotiators or negotiating teams, but rather by the Government as in all previous negotiations, the Canadian negotiating team will be operating on instructions from and reporting to the Government. In this instance, Mr. Reisman will be reporting to a special Cabinet Committee created for this purpose to be chaired by the Right Honourable Joe Clark, Secretary of State for External Affairs. John Wise, the Minister of Agriculture, is on this committee.

## CANADA/USA AGRICULTURAL TRADE

Now, in order to put the agricultural aspects of the bilateral negotiations into perspective, it is useful to step back and first take a look at Canada/USA agricultural trade and how it impacts on the agricultural sectors of the two countries.

In 1984, two-way agricultural trade was worth nearly $6 billion. More than half of Canada's farm exports was composed of live animals and livestock products. More than half of the U.S. farm exports to Canada was fresh and processed fruits and vegetables. (In fact, Canada is the largest single export market for U.S.A. fruits and vegetables.)

Probably the most striking characteristic of Canada/USA agricultural trade is its wide diversity and scope. Virtually everything we grow is exported across the border to some extent. In many cases, the same products are traded both ways. For example, the Maritimes export potatoes to the U.S. eastern seaboard whereas Oregon and Washington export potatoes to Canada's west coast. Similarly, Canada's western provinces export feeder cattle to the USA and fed cattle move into Ontario from the mid-west. With the exception of the supply managed commodities, Canadian agricultural prices are already largely determined in a North American or global context.

Another interesting characteristic of Canada/USA agricultural trade is the fact that the major agricultural exports of both countries -- grains and oilseeds - form only a relatively minor part of our bilateral trade. Most of our respective grain and oilseed exports move to offshore markets.

The third major characteristic of Canada/USA agricultural trade is the fact that in contrast to global agricultural trade, most bilateral trade is already duty free or subject to relatively low and, in many cases, harmonized tariffs. Of course, there are some non-tariff barriers. Both countries have import quotas on dairy products. Canada has import quotas on eggs and poultry. The USA has import quotas on sugar and sugar-containing products. We both have meat import laws which are triggered from time to time. Nevertheless, in comparison to other regional agricultural trade flows, North American farm trade is probably the least distorted by non-tariff border measures.

By 1987 (when the last of the GATT Tokyo Round Tariff cuts are phased in) it is estimated that approximately 60 percent of all agricultural imports from the USA will enter duty free, whereas 50 percent of Canadian agricultural exports to the USA will enter duty free. The average tariff on dutiable agriculture products in both countries is about 6 percent. Of course, the major reason for the relatively higher duty free access to

Canada is the Canadian seasonal tariff structure for fresh fruits and vegetables which provides for duty free entry outside of the Canadian marketing season.

The USA is Canada's largest, fastest growing most diversified agricultural export market. It is also a market at risk. Recent U.S. actions regarding potatoes, live hogs and raspberries and certain state actions regarding chloramphenicol illustrate the increasing propensity of U.S. farm interests and politicians to blame "unfair" imports for depressed farm incomes. Establishing a "Level playing field" for trade has become the rallying cry of both the U.S. agricultural and industrial sectors.

The fact that Congress increasingly prefers to pass legislation which reduces the administration's discretionary authority and enables private U.S. interests to seek trade remedy redress before quasi-judicial bodies perpetuates the U.S. propensity for litigation and in Canadian view encourages what in effect becomes legal harassment of imports.

The fact that Canada has narrowed somewhat the agricultural trade deficit gap with the USA during the 1980's can be attributed largely to the appreciation of the U.S. dollar relative to the Canadian dollar. However, as we are all aware, if imports happen to increase at the same time as farm prices are declining, producers in both countries tend to blame all of

their cost-price squeeze problem on "unfair" imports. It is easier to do this than to try to sort out economists convoluted and often differing explanations of the linkages of the exchange rate to government deficits, interest rate policies and international capital movements.

Against this kind of background how will agriculture fit into the Canada/USA trade negotiations? While it would be irresponsible of me to speculate on the final outcome -- an outcome which can only be determined by negotiation -- let me make a few observations.

First, both governments share the view that if either government identified possible exceptions in advance of the start of substantive negotiations, this would precipitate a deluge of exception requests which would effectively scuttle the negotiations before they really started. Thus, all sectors will be "on the table" at the start of the negotiations. What will be off the table at the end of the day only time and negotiations will tell.

Turning back to agriculture, I would hazard a guess that when the two negotiating teams sit down to discuss how the negotiations should be organized they will find it convenient to discuss agriculture as a package. This has been the way the two countries have negotiated in past GATT negotiations.

Let me pause here to note that in GATT negotiations deals are first struck bilaterally and then the results extended to all other participants on a non-discriminatory basis. In a bilateral trade agreement, the results will only apply to Canada/USA trade and we will each keep our respective import barriers against third countries. In effect, the GATT permits countries to negotiate preferential bilateral trade agreements so long as substantially all bilateral trade is liberalized. "Substantially all" has customarily been interpreted as meaning at least 80 percent of bilateral trade must be duty free. Both Canada and the USA have clearly indicated that any bilateral trade agreement will be in full conformity with our mutual obligations under the GATT!

As I indicated earlier, as a result of previous GATT rounds many Canadian and USA agricultural tariffs are already low or duty free. What we have not been able to negotiate in the past are our respective non-tariff import measures which in most cases are directly linked to domestic agricultural policies. Because of these linkages agriculture will not be an easy sector to negotiate.

While recognizing agriculture will not be an easy sector to negotiate, two recent actions suggest why it is in Canadian agriculture's interests to at least explore what may be possible. The recent imposition of U.S. countervailing duties on imports of live hogs from Canada and the restrictions by

certain U.S.A. states on imports of live animals and meats from countries which allow the use of the antibiotic chloramphenicol illustrate some of the reasons why it makes good sense for the two countries to sit down and explore the possible scope and content of an agricultural package, as part of an overall bilateral trade agreement.

The live hog countervail case clearly illustrates need for greater precision as to what domestic agricultural subsidies should be counteravailable. Both countries have extensive price and income support policies. Should Canada apply countervailing duties against U.S.A. fruits and vegetables benefitting from federal irrigation projects? Should the U.S.A. countervail against Canadian cold storage construction grants? I think these examples suffice to illustrate the point that both countries could benefit from an understanding on what agricultural subsidies should be counteravailable. Similarly, the actions by certain states regarding the use of chloramphenicol illustrate the need for improved coordination and consultation so as to ensure differences in technical standards, such as feed additives, veterinary drugs, herbicides and pesticides, are not used as disguised barriers to trade.

At this juncture, it is simply not possible to predict what sort of an agricultural package may be negotiable. Both governments are still in the process of developing their positions and both will be consulting closely with their respective private sector

groups to refine their positions. All that can be said with certainty is that if Canada and the U.S.A. cannot eventually agree on an agricultural package which is mutually beneficial, this will not bode well for the GATT negotiations. If Canada and the U.S.A. cannot agree on agriculture, what hope do we have of improving the multilateral agricultural trading system.

## CANADA/USA POTATO TRADE

In 1984, Canada/USA potato trade totalled about $50 million of exports in each direction. The trade balance fluctuates from year to year, sometimes in the U.S. favour and sometimes in Canada's favour. During the five year period from 1980 to 1884 there was a cumulative net trade deficit for Canada of $11.7 million.

As you are aware there is a distinct regional pattern to Canada/USA potato trade with large volumes being exported from New Brunswick and Prince Edward Island to the Northeastern United States markets and large volumes also being imported into western Canada, British Columbia in particular, from the Northwestern part of the United States.

## POTATO TRADE BARRIERS

Barriers to potato trade between Canada and the U.S.A. consist of import tariffs, quality and packaging regulations, plant protection and quarantine regulations, the threat of unfair trade practice complaints (countervail or anti-dumping investigations) and the threat of an import surtax (Canada only).

For processed potato products, tariffs are the only significant barriers and for both countries these are in the 10 to 12 percent range.

For fresh potatoes, tariffs will be equalized at 35 cents per hundredweight as of January 1, 1987. In the United States there are Marketing Order standards which must be respected. In Canada, the Canadian Agricultural Products Standards Act (CAPS) regulates grades, standards and packaging for products moving in inter-provincial or international trade. For bulk shipments, waivers to standard packaging requirements must be obtained. Both countries apply plant protection and quarantine regulations and both countries have legislation providing for the possibility of contingency protection in the form of countervailing or anti-dumping duties to protect against unfair trade practices. In addition, Canada provides the possibility of an import surtax in certain circumstances although this has not yet been used for potatoes.

Beginning in 1984/85 USDA began a program of pre-inspection of imported potatoes at Maine crossing points to assure that quality standards were met. This program is being continued to the present time. In addition, it has been proposed that Maine border crossing points for potatoes be limited to three to facilitate the pre-inspection process. The USDA traditionally has accepted the Canadian inspector's certification, but a sample of pre-inspections in 1984/85 revealed that 20 percent of the potatoes checked at selected Maine border crossing were not meeting the established requirements or were misbranded. This proportion was lowered considerably after some technical consultations resulted in clarification of the requirements.

Canada's CAPS Act requires that fresh produce crossing provincial borders, including entries from foreign countries, must be packed in standard sized containers as specified. Bulk shipments and non-standard containers require a waiver. Waivers for the movement of bulk commodities destined for repacking or processing tend to be granted only when supplies of the commodity are not available in sufficient quantity in the province of destination. This restriction has not been particularly troublesome to U.S. shippers of potatoes from the western states because they ship mostly standard-size packages.

Threats of unfair trade practice complaints include actions such as the unsuccessful anti-dumping complaint filed by Maine growers in February 1983, the successful anti-dumping complaint for "stripper" potatoes filed against Washington State shippers by British Columbia growers in 1983 and the new complaint by

B.C. growers regarding "non-stripper" potatoes which is currently under investigation by the Canadian authorities. As a result of the first B.C. complaint, United States exports of "stripper" potatoes (undersized potatoes destined for processing) are subject to an anti-dumping duty which is applied to maintain an established price level.

In the case filed by maine against Canadian shippers, the U.S. Department of Commerce found in their preliminary determination dumping margins that ranged from 0 to 41.6 percent. However, the U.S. International Trade Commission found no injury or threat of injury to the Maine growers from the dumping. Thus, no additional levy was placed on imports of potatoes from Canada.

Canada's "fast-trace" surtax on imports of perishable commodities is viewed by the U.S. growers as a threat that hangs over potato imports but it has so far never been imposed for potatoes. The surtax may be imposed at the discretion of the Canadian Government if the practice of imported fresh potatoes falls below 85 percent of the previous 3-year average price or below 90 percent of the previous 5-year average price. Canada would normally have to pay compensation, usually by lowering the duty for another product, if the surtax were used.

U.S. growers resent Canada's surtax system because the United States does not provide similar protection for its growers. The U.S. Government has consistently opposed Canada's

surtax because it does not specify that injury must be caused by increased imports as required by the General Agreement on Tariffs and Trade (GATT). In response to the pleas of U.S. growers who have been facing increased imports of Canadian potatoes and other fresh vegetables, President Reagan on September 23 promised to support similar fast-trace legislation in the United States. No proposal has been submitted to Congress yet.

In summary, it appears that both countries are facing increased protectionist pressures in the potato sector. The anti-dumping case in British Columbia and the proposal to reduce the number of Maine border crossing points for potato imports are the latest examples. It appears that any negotiations for freer trade in potatoes between the United States and Canada will have to address more than the tariff issue alone. Both countries also need to seek other ways to mediate these trade problems.

Finally, with regard to Canada/USA trade negotiations, it should be noted that the Government's decision to attempt to negotiate does not imply any commitment to any particular result. Many Ministers, including the Prime Minister and the Minister of Agriculture, have stated that if a deal that is good for Canada cannot be negotiated, then no deal will be made.

# ROLE OF MARKETING BOARDS WITH SUPPLY MANAGEMENT IN A CANADA/U.S. FREE TRADE ERA

Bob Seguin, Director, Economics and Policy Coordination Branch
Ontario Ministry of Agriculture and Food

The organizers and sponsors of this seminar are to be complemented for putting together a program that provides a provincial, national and international perspective to some of the problems, issues and opportunities facing the agricultural industry. The topics such as "Free Trade, Biotechnology, Farm Finance and Marketing" are pertinent to all of us, regardless of where we live or in which segment of the agri-food system we are employed.

The Ontario Ministry of Agriculture and Food is pleased to have been invited to participate. Mr. Bob Seguin, the Director of Economics and Policy Coordination for the Ministry, and your invited speaker, has asked me to convey his regrets for not being able to make it.

The topic of discussion for the next 20 minutes will be the "Role of Marketing Boards with supply management in a Canada/U.S. Free Trade Era."

The following commodities produced in Canada (and New Brunswick) are grown under supply-management schemes, milk, eggs, turkey and chicken. The fate of two other commodities, tobacco and potatoes -

the latter of particular interest to New Brunswick - remain in the balance subject to further study, action and negotiation, if desired. When and if, tobacco and potatoes are brought under the supply management umbrella, over 60 percent of New Brunswick's farm cash receipts would be produced under orderly market arrangements. By comparison, the figure for Ontario would be 34 percent.

It is therefore with more than passing interest that many farmers in New Brunswick, Ontario and throughout Canada are participating in the free trade debate.

To address the topic at hand; that is, what is the role or function of supply-management boards in a free trade era, three questions are raised and discussed. First, what is the role of supply-management marketing boards in general; second, what is the purpose of free trade and what shape will it take; and finally, are the two - supply management and free trade - compatible or mutually unobtainable?

## 1. ROLE OF SUPPLY-MANAGED MARKETING BOARDS

The function of supply-managed marketing boards is to raise and stabilize producer incomes, and, or significant importance, to maintain the family farm. This is achieved through regulating supply with provincial and national production quotas and protecting the integrity of this supply control mechanism by import controls.

In many respects, supply management is a social policy as much as an economic one. It is designed to maintain small farms - family owned and operated. This is in contrast to the larger, integrated production units in the U.S.; particularly for poultry and eggs. The cost, of course, is a higher cost, somewhat less competitive industry on average than what would exist without supply management. Further, supply management denotes a self-sufficiency approach to agricultural policy.

## 2. WHAT IS THE PURPOSE OF FREE TRADE?

By comparison, one purpose of "free" or "freer" trade is to make Canadian industry more competitive in the North American market. This is to be achieved by maintaining and improving access to the U.S., our major market, by removing or relaxing tariffs and non-tariff trade barriers.

This would permit the expansion and growth of some firms and sectors, and, by extension the decline of others, (i.e. let's produce and export what we do best and we will import what the U.S. can do best. In economic theory this is called comparative advantage.) For those of you in the audience involved in national supply-managed commodities, this concept is equally applicable to interprovincial trade discussions. Once the smoke has cleared, our standard of living and that of the Americans is supposed to improve.

## 3. IS SUPPLY MANAGEMENT/FREE TRADE COMPATIBLE OR MUTUALLY UNOBTAINABLE?

The answer is both yes and no. By way of explanation, consider three scenarios - each describing four possible outcomes of free trade and the potential role of supply-managed marketing boards.

Scenario One: Unhindered Free Trade

This scenario describes the removal of all tariffs and non-tariff barriers and the complete harmonization of all agricultural policies. In this scenario, supply management and free trade are a contradiction of terms. The two are mutually unobtainable - there would be no role for supply-management marketing boards, since supply control in Canada achieved through import controls, would not be possible in a Canada/U.S. market.

The value of production quotas would vanish as prices dropped to reflect U.S. prices and transfer costs. For the Maritimes, this could mean the potential elimination of poultry and egg production, for example. You would be supplied by the U.S. and by the development of a low-cost, large, highly-integrated industry likely in Ontario.

However, on the American side, this would also imply the dismantling of the marketing orders and other non-tariff barriers. The ultimate outcome is by no means definitive.

Scenario Two:

This scenario suggests the continued operation of supply management with some modifications. For example, the U.S. would have greater access to our domestic market under supply management (e.g. expanded global import quotas - from 2% to, say, 4-6% or 8% of the domestic turkey market.

In return, we may be able to negotiate some arrangement to continue some level of exports to the U.S.; for example, in the case of potatoes, the North American market for potatoes could be "managed" under a free trade arrangement say, secure a level of trade for Maritime "export" potatoes into the northeastern U.S. (free of anti-dumping action) and in return, reciprocal treatment for U.S. potatoes into Western Canada. This could be undertaken in conjunction with some level of income support to domestic potato producers under a quota supply program - on both sides of the border in Western Canada and in Maine.

Scenario Three:

This scenario assumes that both existing and proposed supply-management schemes would be permitted to function as usual. This option does not seem unusual given the legitimacy of supply management under the GATT (any free trade accord has to be GATT legal) and the fact that supply management is a policy that seeks a social objective (maintain family farm and the rural base) as much as an economic one. For the latter reason, the Federal Government may consider supply management off limits in the negotiations.

This development, however, should not be viewed as a license by marketing boards to conduct "business as usual" in a free trade era. It remains that industries beyond the farm gate - the hatcheries, processors - are not accorded the same shelter from foreign competition and have to compete in a national and international market. The business environment for them, particularly in the export trade with the U.S., could become more competitive under some type of free trade arrangement.

It is apparent that these industries could face difficulties in terms of lost export sales and reduced domestic competitiveness if marketing board policies (e.g. Breeder Credit Program) and/or significantly higher product costs place unreasonable constraints on businesses operating in a free market relative to our competitors south of the border.

Further, on a broader note, it has been suggested by some, and rather ironically, "that a move to free trade within Canada could provoke more farm-level resource movements and adjustments across regions that a subsequent move to free trade with the U.S." This attests, in part, to the balkanization of production within Canada. The cause of which is marketing board policies, interprovincial trade barriers, and the loosening of provincial treasury purse strings to aid specific commodity groups within a province (at the expense of other provinces).

Supply-managed marketing boards and others may want to pause and give thought to these developments and how they can be alleviated as we all ponder the implications of a free trade era.

## OMAF ACTIVITIES

OMAF and the Government of Ontario are taking this free trade debate seriously. The Premier and the Minister of Agriculture and Food are on record saying agriculture should be excluded - at least for the time being. This position reflects the sensitivity of the sector, particularly the supply-managed commodities, and the need to further study the impacts.

In regard to the latter point, a senior level steering committee has been established to develop a position that reflects the views and concerns of the agri-food sector and that will be part of a provincial position. Small sub-committees are being assembled, comprised of commodity specialists to examine the impact of free trade on a commodity-by-commodity basis.

The development of a position will be assisted by the input of farm groups, marketing boards and agri-business (two seminars) will have an opportunity to be brought up to speed, discuss the issues and to become involved in coordinating a position.

Again, on behalf of Mr. Seguin and the Ontario Ministry of Agriculture and Food, I thank you for the opportunity to participate in this worthwhile seminar.

# FARM FINANCIAL CRISIS AND FARM BANKRUPTCIES
## PERSPECTIVE OF A FEDERAL LENDING INSTITUTION

Leo Majeau - Loan Administration Officer
Farm Credit Corp.
Moncton, N.B.

Mr. Chairman, honored guests, ladies and gentlemen,

I am pleased to be able to speak with you today. I represent the Farm Credit Corporation, which is a Crown Corporation established in 1959 the purpose being to lend money to farmers on a long-term basis.

The topic given was, "Farm Financial Crisis and Farm Bankruptcies - Perspective of a Federal Lending Institution". I had to take time to think how best to approach this subject.

Much has been said or written in the News Media on the financial crisis in Agriculture. On the other hand, some financial institutions indicate that the number of bankruptcies over the past several years in relation to other sectors of the economy have been low. Some estimates given are that only 5% of the farmers may be forced out of production in the next couple of years. It is not my intention to substantiate these statements.

From the Corporation's point of view, there are significant number of farmers who are in trouble. Our Research Department in Ottawa estimates there are a total of 30,000 farmers in Canada who are in difficulty. This is all farmers and not just F.C.C.'s clients. Of these, 6,000 farmers are considered beyond saving.

In the Atlantic Region our arrears one year in arrears are up 30% as compared to the same period last year (N.B. the figure is 26%).

last year the Corporation initiated 18 recovery actions. Thirteen of these were suspended due to the Moratorium last September.

Indications are that between 40 and 50 farms are beyond salvaging and in all likelihood recovery action has to be taken by the Corporation this year. Half of these in New Brunswick.

The seriousness of the financial crisis should not be understated. What are the underlying causes for this crisis in agriculture. Mr. William M. Jay, General Manager of the P.E.I. Lending Authority in a presentation to the Federal-Provincial Lending Institution in November 1985 listed the following causes and in no order of priority:

(a) Poor financial management by some producers, resulting in intolerable debt loads, which cannot be serviced.

(b) Poor crop management, by some producers, resulting in lower than average yields, which results in reduced cash flows.

(c) Over production of food on a continent-wide basis resulting in depressed farm-gate prices.

(d) Chaos in the marketing system, including lack of markets and inefficient marketing techniques.

(e) Over-dependence on governments at all levels for assistance and protection.

Let's look in detail at these causes:

(a) A combination of good production capability and plain hard work may have, at one time, guaranteed success. In today's environment, a farmer has to be as proficient in financial management as in crop and livestock husbandry.

Too many farmers today are still keeping records for income tax purposes only, and not using the records for management decisions. We are now in the computer age and a lot of programs have been written to assist in accounting. This is all well and done, but unless the farmers understand what figures are being generated, he is no further ahead than the days of shoe box record keeping.

The farmer, as distasteful as record keeping is, must be self motivated to understand and improve the financial management. What other businesses do you find investments in excess of a half a million dollars without adequate financial management practices and controls in place?

Before the Corporation undertakes recovery action, we do a detailed analysis of the farm to try and work out a recovery program. In 80% of the cases we found very poor records being kept by the farmer. This makes it an impossible task to work out recovery plans. More and more lenders will be asking for financial records before loans are made.

(b) Poor management practices in crop or animal husbandry. Even at the best of times, unless a producer is able to achieve top yields, his chances for success are diminished. When we analyze the potato enterprise, we are starting to see the results of continuous cropping. Those producers practicing crop rotation are achieving 300 to 325 cwt per acre yields with reduced culling rates as compared to 250 cwt yields with 15-20% culling rate.

Another real problem we see is when farmers are having difficulty obtaining operating credit, there is tendency to cut corners in crop inputs resulting in reduced yields. Very vulnerable are beginning farmers with limited equity who cannot afford a crop failure or misfortune in hogs for example.

(c) Over production on a continent wide basis:

Estimates for the 1985 crop indicate -

U. S. Plantings were up 5%

Canadian plantings were up 3%

Associated with this were large yields per acre resulting in too many potatoes on the market.

(d) Marketing Systems:

External factors affect the market place. Impact of U.S.A./Canada free trade agreements, Provincial Agricultural Policies affecting seed potatoes in Quebec are two examples of how the market place can be affected. Farmers have to be on their toes to be ready

to alter their marketing practices. Pleased to see that this item is on the agenda for discussion.

(e) Over-dependence on government aid.

The 30,000 farmers in trouble that I alluded to earlier, it is estimated it would cost 1.3 $ billion to pick up the tab for this year. Governments are accepting the fact that not all farmers can be saved. How much interest stabilization, etc., can be subsidized by both Federal and Provincial Governments is the political decisions they must make.

Now that we have commented on the causes of the problem I would like to mention specifically what the Farm Credit Corporation is doing to assist farmers in these trying times.

You are, no doubt, aware that Mr. Wise had a federal task force visit the country last fall to examine the role of the Farm Credit Corporation.

A total of 64 briefs were received from governments, farm groups, and individuals. The majority of the briefs submitted say the F.C.C. should be retained as an institution but should be able to offer a wide range of services at low interest rates. Many briefs support the creation of agribonds, which would give investors a tax concession for putting their money into agriculture. Funds raised through this mechanism could be provided to farmers through the F.C.C. Many submissions advocated the use of debt set asides or writedowns for farmers in financial difficulty and say the cost should be borne by the Federal Government. Others ask for debt review boards to arbitrate in disputes between lenders and borrowers and for widespread leasing of land to under capitalized farmers.

As you can see there has been many suggestions with no concensus. What the role and mandate of F.C.C. will be is anyone's guess.

Initiatives F.C.C. have undertaken in 1985:

(1) January 1, 1985 the Corporation rewrote loans that were approved between April 1, 1981 to December 8, 1982 with interest rates over 14% to 12 3/4%. Some loans had reached 16 3/4%. This was a one shot write-down policy.

(2) The F.C.C. Appeal Board had been expanded to include the review of foreclosure cases at the farmer's request. The Board provides an impartial third party analysis of each situation where the F.C.C. has decided to initiate recovery action. The Appeal Board has no authority to approve or stop foreclosure action. They present the Corporation with a recommendation to either uphold the Corporation's decision or take an alternative course of action.

(3) Last August the Corporation initiated a Leaseback Policy. In an attempt to assist farmers in the industry who have more debt than their cash flow can service and are being forced to leave the property, the Corporation is prepared to consider a leaseback

of the property. This policy is targetted to farmers who are good production managers and have adequate resources to continue farming but are forced to give up ownership due to insufficient cash flow to service their obligations. This policy has a threefold affect.

(a) Due to the large amount of land on the market, a leaseback would reduce the amount of land for immediate sale, thus reducing some pressure on market values and potential losses for the Corporation.

(b) It would also allow for a period of adjustment whereby the farmer would have a period of time to locate other employment and recover from the shock of having lost the farm.

(c) In some cases a leaseback may provide the farmer an opportunity to accumulate some equity, which may allow for re-entry into farming or assist with the phase into another occupation.

In cases where there is, in the opinion of the Corporation, an operator who can continue in the industry either at the present or a reduced size of operation, the following conditions must be met:

(a) Title has to be in the name of F.C.C. This is usually acquired by Quit Claim.

(b) Adequate cash flow can be generated to cover all obligations considering income from the farm plus off-farm income.

(c) An acceptable management accounting system must be maintained.

(c) An annual performance clause will be included in the leases to ensure that rent is paid, improvements are maintained and the land is farmed in a husband-like manner.

(4) In September last year a moratorium on foreclosures was put in place. In our Region this affected 13 accounts. For your information it is estimated to cost FCC $1 million per month in Canada by not being able to act on the serious accounts.

(5) Educating our staff:

The Credit advisors will be receiving mini computers and training in their use to assist them in budgeting. The saving in time should result in greater indepth analysis of units to work out recovery plans.

We have read where some farmers have used arms against their bankers in the U.S. or of suicides of both the farmers and bankers. We have had some of our Credit Advisors in other Regions receiving threats or in one case I know, the picture window in his home being broken. We like to think that our staff are more than a touch banker or "bureaucrat" interested in our pay cheque. By in large, our people grew up on farms and do have a genuine compassion for the farm family. Any foreclosure on farms does affect our staff.

We have all our staff scheduled for an "Applied Problem Solving and Client Counselling Workshop" in March. Hopefully this will assist us to better prepare staff to handle difficult situations and stress. Interesting to note that many Provinces have stress hot lines in place. I would now like to indicate the type of programs we are looking at.

You may have heard in recent weeks of an Equity Financing Proposal that the corporation has unveiled. Keep in mind that neither the Minister of Agriculture nor the Federal Cabinet have approved the proposal. The Corporation is testing farmer reactions before we ask the government for an approval. This is an extension to our leaseback policy.

The proposal is to provide a real solution to the farm financial problem through the provision of equity capital to deserving farmers.

Funding for this proposal would be raised by an Investment Company by issuing government backed preferred shares. Investors would be willing to accept a lower return from these shares than from bank deposits, bonds, and guaranteed investment certificates because dividends are taxed at a lower rate than interest income and potential for capital gain. Under current market conditions, a rate of 7.0% would likely attract investors. The preferred shares are convertible into common shares after a fiscal period of four to five years. Cost to the government is reduced income received due to tax concessions.

The company would use the cash to buy farms and issue common shares. There would be two groups of sellers to the company:

(1) Properties held by lenders:

Purchasers will be made of properties which have been recovered through recovery actions. F.C.C. would be considered to be a big seller because of the record number of foreclosures.

The farm would be sold for 50 percent cash and 50 percent common shares. The value of the common shares will fluctuate in value with the net asset value of all properties controlled by the investment company.

(2) Farmers who have between 15 and 40 percent equity left in their farm but are losing ground could sell to the Investment Company for 80% cash and 20% common shares and lease back the farm depending upon the management ability. The cash used to repay debts. The annual rent would be based on 5% of the selling price. Farmers would be protected against te sale of the property for three years and can repurchase the farm at any time at the current market value.

(3) Much of the proposal hangs on the assumption that the current farm financial crisis is temporary, that commodity prices and profits will eventually improve and that land prices are at or near the bottom and will go up. From Analyses of sales in the potato industry I have not seen any significant change in prices paid for potato land.

With the assumption of land going up and current proposals to allow tax exemptions on Capital Gains this would attract investors.

The farms that the Investment Company buys could be offered to beginning farmers who could buy common shares in the company and lease the land or as I indicated to existing farmers. This proposal provides the mechanism to unload farms in an orderly manner. If all the properties acquired through foreclosure are put on the market, "the bottom could fall out".

The Corporation is also looking at tying the payments to Indexes of Commodity Prices. More details should follow shortly.

In conclusion the Corporation has to be optimistic. In the Atlantic Region this fiscal year a total of 8.7 million has been lent. This includes 15 loans amounting to $1,039,600 in the potato industry in New Brunswick.

Agriculture is going through some re-adjustments. Both the producer and lenders must be willing to change to meet this challenge. We don't know what our mandate will be, but I like to think we will still have an important role to play in agriculture.

I will now entertain any questions you may have in the remaining time I have.

## FARM FINANCIAL CRISIS & FARM BANKRUPTCIES

Perspective of a Provincial Lending Institution

Barry Russell - Farm Management Specialist

N.B. Dept. of Agriculture

I would like to thank you for this opportunity to speak to you on behalf of the "Agricultural Development Board'. I am sure most of you are aware of the change in name, as we were formerly the "Farm Adjustment Board". Although the name has changed, the mandate of the Board is the same; "to assist farmers to establish a viable economical farm unit".

Unfortunately, not every plan goes the way the farmer and the lender envisaged it; and hence today's topic of the financial crisis and bankruptcy.

I choose to deal with the easiest of these two topics first; "bankruptcy". What does it mean to be bankrupt? I am sure in everyones' mind a picture of bankruptcy exists. To a lender it basically means that a borrower is insolvent; that is, a borrower is unable to pay debts as they fall due in the usual course of business, also tied to this is that liabilities are in excess of reasonable market value of assets. That scenario is

the hard cold fact of bankruptcy - but very few farmers actually declare bankruptcy. The reason I say few farmers declare bankruptcy, is that the farmer usually sells the farm and inventories to pay off his debts, and if necessary can give the farm back to mortgage holders by way of quit claim deed or mortgage sale.

To declare bankruptcy involves retaining the services of a "Trustee in Bankruptcy". First of all, the farmer cannot be petitioned into bankruptcy, a farmer must elect to declare bankruptcy. Roughly, assets that have not been pledged to a creditor as security are allowed to be kept by an individual declaring bankruptcy, (vehicle up to $3,000, household furniture, tools of a trade $6,000). Within a year (approximately 9 months) a discharge will be granted by the court based on a farmers ability to pay. Two things to note: Judgements can survive a bankruptcy proceeding, but income taxes owed cannot (so there is a way to beat the tax man).

The second issue of this seminar, "the farm financial crisis", is much more complex. It is more complex for a number of reasons:

1) there can be many lenders involved
2) there are no set down rules to follow as in bankruptcy,
3) conditions exist that are beyond the control of the lenders and borrowers.

There are many causes that can be pointed to, that helped contribute to today's situation. The common things that spring to the majority of peoples minds are:

1) Interest Rates in 82-83
2) Commodity Prices in general (MARKET)
3) Wet or Dry year

I believe these things contributed marginally to the present situation, but are not the major causes of the financial crisis. These things are merely the straws that broke the camel's back. The main problems that cause a financial crisis are more deep rooted than the ones I just mentioned.

1) The Cost of Production - I can't remember when a farm businessman ever walked into my office to discuss finances when he knew exactly what his C.O.P. was or is! Farmers, like other businessmen, are required to keep track of their costs, and find a market for their product that can make a profit for them. There is no way that selling price needed for a profit, can be established if a businessman does not know his C.O.P.

2) Investment Decisions - The purpose of making investments is to secure a return on that investment. It follows, therefore, that an investment must make money. In agriculture, we deal with some specialized equipment that is only used a few days each year; the cost per hour used is tremendously high. Other

options besides ownership should be seriously considered; (1) leasing (2) rental (3) multi-ownership (4) custom hiring. Owning a $50,000 combine to be used 120 hrs/year, that's three 40 hr. weeks, -costs you $82/hr- no gas and no oil, no repair and maintenance.

3) Historically High Debt - this applies to operating credit, intermediate term credit, and long term credit. There are farmers today who have levered their assets to such a high percentage with liabilities, that a sneeze, let alone a kick in the pants will knock them flat - down and out. Hence statements like, "the interest rate is killing me"; "the weather this year is going to force me out". These examples are the symptoms; the high debt loads are the problem.

WHAT IS IN STORE FOR THE 1986 SPRING SEASON

PROBLEM ACCOUNTS:

(1) For all lenders concerned, it will be viewed as a shakedown year. - Farmers who have good equity and have met past commitments will have no problem obtaining credit to meet their requirements for this year.

(2) The requirements for lending will be strictly enforced.

Net Worth Statements

Cashflow Projection

Past & Projected Income & Expense Statements

GOOD FINANCIAL RECORDS

GOOD PRODUCTIONS RECORDS

TOGETHER MAKE A GOOD MANAGER (NEITHER ALONE IS ENOUGH)

(3) Partial liquidation of assets not being fully utilized. As farm businessmen everything on the farm must be scrutinized to see if the benefits outweigh the costs.

(4) TRACK RECORD - good past performance will definitely be an asset when applications for credit are reviewed.

(5) Business as Usual - The Board has always gone the extra mile to help out as best it could, and will continue to do so, but don't expect miracles.

For those farmers who have been in financial difficulty in the past and are facing another bad year, 1986 may well be the year "To Change the Name on the Mailbox".

# FARM FINANCIAL CRISIS AND FARM BANKRUPTCIES

## Perspective of a Commercial Lending Institution

Paul Breau, Regional Agrologist
Bank of Montreal, Fredericton, N.B.

Summary of Presentation:

- The bank of Montreal is well aware of the financial crisis facing the N.B. Potato Industry.

- We recognize that the crisis is not created solely by poor management, one must take into account the recent recession, poor crop yields and low potato prices.

- The message that I wanted to convey was to get in and see your local Banker as soon as possible. Review your present situation - inventory, accounts receivable, accounts payable and outstanding bank loans, government loans and past due payments. Formulate an action plan if required regarding projected carryovers.

Begin as soon as possible to allow the proper amount of time required to find appropriate solutions.

# IS RIGHT TO FARM LEGISLATION NEEDED TO PROTECT THE FAMILY FARM?

Dr. Michael J. Dillon
N.B. Dept. of Agriculture

For presentation at the Potato Growers' Seminar & Trade Show, February 1986.

## BACKGROUND

What is the problem?

1) Mainly with large scale livestock operations; particularly hogs, where large volumes of manure are concentrated and handled.

2) Family farms - yes and no, depending on viewpoint - think in terms of agricultural operation for this problem.

Overview of changing situation.

Overheads 1) N.B. Rural/Urban Population '71-'81 (graph)

2) Number of Census Farms (graph)

3) N.B. Farm Size Change

4) Tables -

- Development in rural areas with very little regulation.
- Government policy has been not to have any land use control in unincorporated rural areas.
- Result - housing for people and housing for pigs, chickens and cattle in some areas are very close together.
- Nuisance occur - one definition of nuisance: the right thing in the wrong place - like a pig in a parlour.

Right to farm

-perhaps not the best term.
-more appropriately referred to as "protection from nuisance actions for agricultural enterprises".

What is a nuisance - "an inconvenience materially interfering with the ordinary comfort physically of human existence..."

Normally

-a nuisance must occur for a period of time
-a property must usually be actually damaged or have lost use, value, etc.

Remedies

-abatement
-action for damages
-injunction or court order

Separate pollution from nuisance

- some of these "nuisances" are also considered pollutants - particularly dirty water or smoke, etc.
- these are covered under the Clean Environment Act, and/or Health Act
- Others are not e.g. smells, noise.

Proposal from N.B. Department of Agriculture is basically:

- anything that can effect the health and safety of the population is controlled by either the Clean Environment Act and/or the Health Act and this should not be changed.

Realities of agricultural production

-when livestock is produced

-when crops grown

-smells & noise may result

A farmer should not be liable for a nuisance action because of smells and/or noise he produces on his farm so long as he is operating his farm in compliance with the Clean Environment and Health Acts, and is managing his operation in a reasonable manner (as will be spelled out in regulations).

- What is a family Farm?

- Many argue large hog barns using imported grain are not family farms.

- This is not important to the argument.

- If large size barns become vulnerable to court cases will smaller ones be immune in future?

- Only sure way is legislation.

Private nuisance - arises in a case where there has been an interference in the use and enjoyment of land or in rights appurtenant to land.

For example: allowing the escape ofthe following onto nother persons land:

-water
-smoke
-heat
-vibration
-electricity
-disease germs
-animals
-vegetation

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-smells
-noise

Remedies
-abatement
-action for damages
-injunction

Suggested act

If a farmer is in compliance with health and clean environment laws and land use regulations and farms in a reasonable manner he should not be liable for nuisance actions.

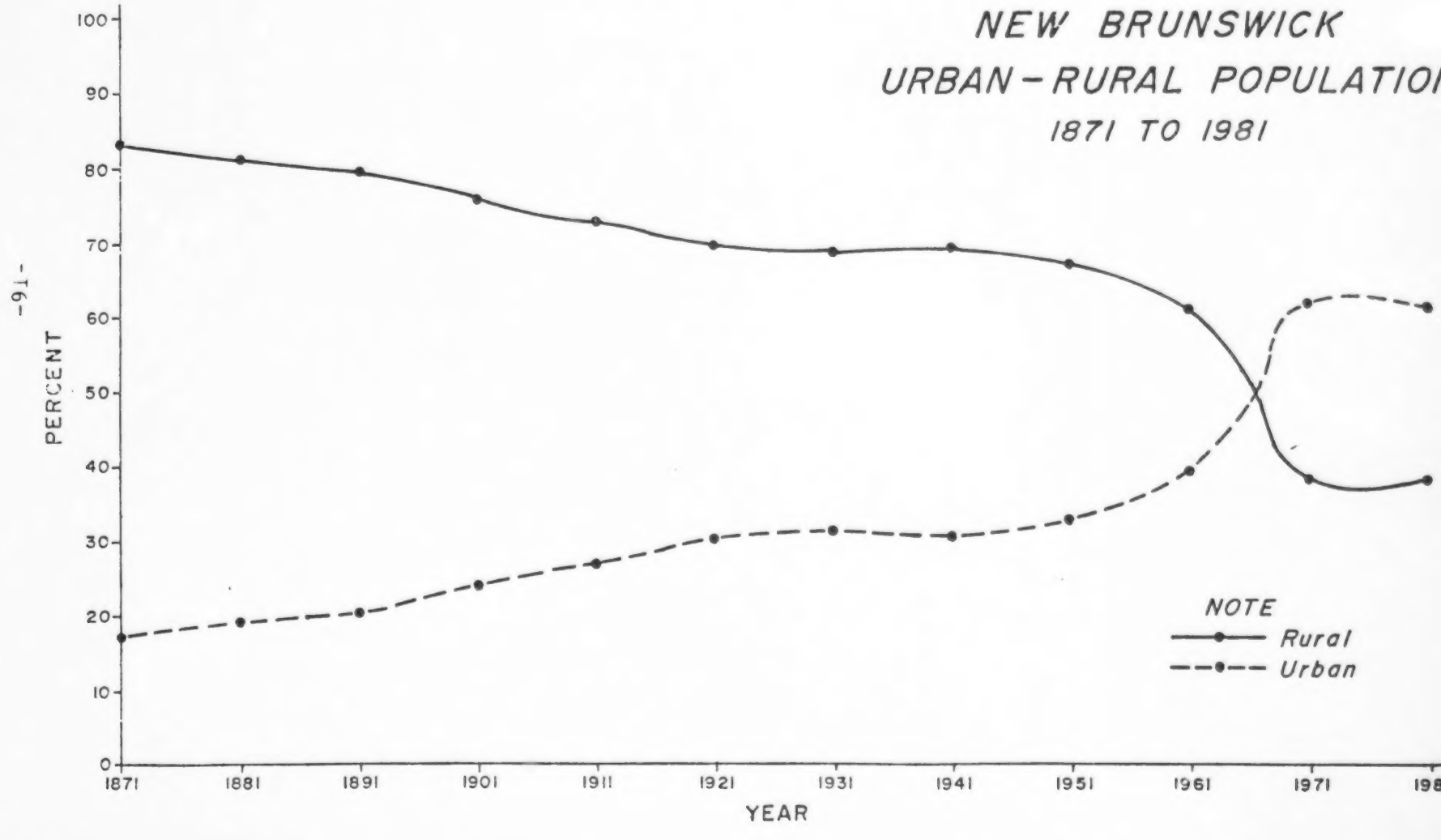
Table .

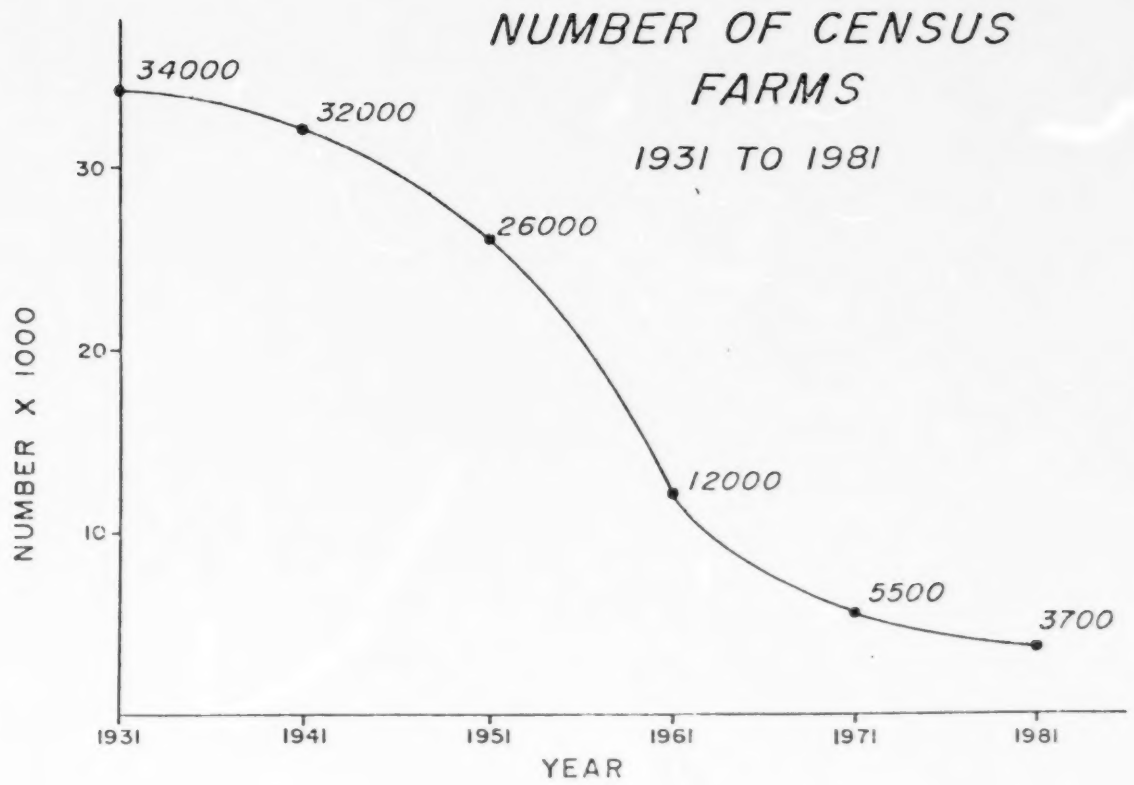
| YEAR | NUMBER OF FARMS WITH OVER 177 HOGS |
|---|---|
| 1961 | 22 |
| 1971 | 69 |
| 1981 | 107 |

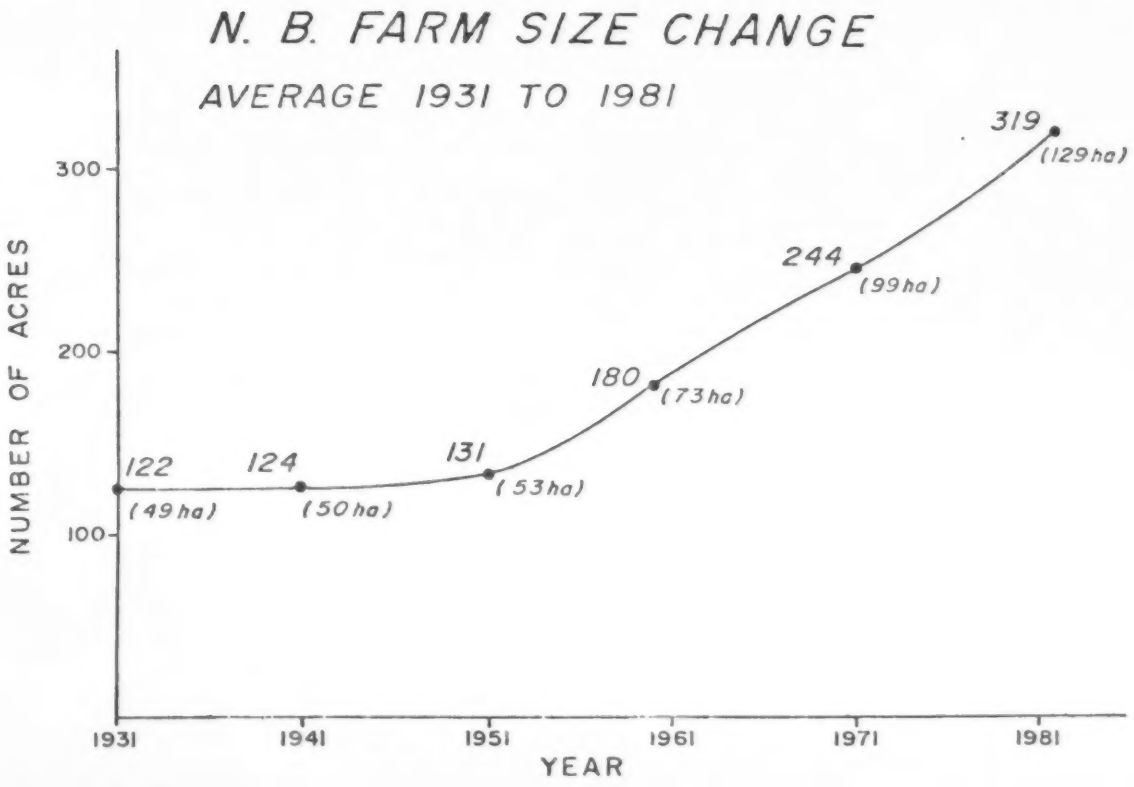
| ANNÉE | NOMBRE DE FERMES AVEC PLUS DE 177 PORCS |
|---|---|

| YEAR | TOTAL NUMBER OF DAIRY FARMS | NUMBER OF DAIRY FARMS WITH OVER 32 MILKING COWS |
|---|---|---|
| 1971 | 821 | 243 |
| 1981 | 733 | 348 |

| ANNÉE | NOMBRE DE FERMES LAITIERES TOTALES | NOMBRE DE FERMES LAITIERE AVEC PLUS DE 32 VACHES LAITIERES |
|---|---|---|


NEW BRUNSWICK
URBAN-RURAL POPULATION
1871 TO 1981
PERCENT
YEAR
100
90
80
70
60
50
40
30
20
10
0
1871
1881
1891
1901
1911
1921
1931
1941
1951
1961
1971
NOTE
Rural
Urban


NUMBER OF CENSUS FARMS
1931 TO 1981
34000
32000
26000
12000
5500
3700
30
20
10
NUMBER X 1000
1931
1941
1951
1961
1971
1981
YEAR


N. B. FARM SIZE CHANGE
AVERAGE 1931 TO 1981
319
(129ha)
244
(99ha)
180
(73ha)
131
(53ha)
124
(50ha)
122
(49ha)
300
200
100
NUMBER OF ACRES
1931
1941
1951
1961
1971
1981
YEAR

# ROLE AND CONTRIBUTION OF WOMEN IN THE SURVIVAL OF THE FAMILY FARM

Wando MacMurdo - Member, P.E.I.
Potato Producers Board

I would like to say what a pleasure it is to come to New Brunswick and be a part of the Potato Seminar.

My family has travelled through your province many times in all seasons and all kinds of weather, and never tire of the pleasant scenery along your rivers, and through this beautiful potato country.

My husband Ian and myself and two sons, farm on Prince Edward Island growing 260 acres of potatoes and 100 acres of barley each year.

My contribution to the family farm is doing the bookkeeping, negotiating our finances at the bank and helping at planting and harvesting time by going for parts and taking meals to the workers. And like all farm wives, the many other jobs that go with running a home.

I am also involved with marketing our produce and finding loads for our tractor trailer.

Bookkeeping has always been my job although for about twenty years, while our four children were growing up, I worked off the farm as an office manager, bookkeeper, and computer technician before returning home on a full-time basis.

For many years I was involved in our local Women's Institute and this winter became a Life Member. I am also a member of the P.E.I. Section of the Canadian Figure Skating Association and still continue judging and chairing competitions.

About five years ago, after leaving permanent employment, I attended our Farm Business for Farm Women's Conference which we hold yearly on P.E.I.

I learned there was a Local Women's In Support of Agriculture group which had been newly formed so I joined this organization.

This organization has been a great learning experience for me. Through it we planned courses on public speaking, self-improvement, how to conduct meetings, write briefs and this has given us a vehicle to meet with Government officials concerning many issues in agriculture.

At present one of our objectives is to push for legislation on the Right to Farm, and we have met with our Minister of Agriculture and also the opposition Task Force to make them aware of our concerns.

Last year much time was spent on lobbying government and our fellow farmers to veto the Cost of Recovery through inspection fees. Many farmers and farm organizations felt that once a door is open and you accept paying for a service , it is very hard to reverse this situation. This can only lead to more dollars, leaving our already hard pressed farming industry. Once again our Federal Government has brought this issue to bear with added costs to the farmer.

We are also opposing the Bill C 75/Clause 4 where our government may impose the cost of ice breaking services, dredging and vessel traffic services, and escorting services.

In W.S.A. we spend a great deal of our time trying to educate the consumer on the costs that face the farmer and how little of the food dollar actually is returned to the farmer.

At present, of the $1,600.00 each consumer spends on food in a year, only $110.00 is net income to our farmer.

Educating our farm women through conferences and workshops by having them informed on wills, estate planning, farm credit, lobbying and assertiveness has been very beneficial.

There are other farm organizations which women can become involved in; The Federation of Agriculture, National Farmers Union, or your local commodity groups.

When I first started to attend potato meetings I found myself the only woman in the room. This can be very unnerving at first, but with the support of my husband, Ian and our two sons, I soon came to know many of the potato farmers on P.E.I. and gradually became involved in the many issues which effect this industry.

Last spring I was elected to the P.E.I. Potato Producers Association. This was the first time a woman sat on this Association. I became the secretary and also accepted positions on a number of committees.

Do women change the direction of an Association? No, they add their thoughts the same as any other member. In my case I check with farmers around the province and get their opinions before bringing proposals to meetings.

Belonging to Provincial Groups has also opened the door to attending National Conferences dealing with Agriculture.

For the past three years, I have attended the Agriculture Outlook Conference in Ottawa, This gives one an opportunity to learn what is happening in Agriculture throughout our country and also what is happening on a National Level.

The Canadian Horticulture Council is another very important meeting dealing with our potato industry. Attending this gives one a chance to learn what new legislation will be proposed and what promotions are being carried out.

At present I have replaced a member of the Labour Committee and will attend these meetings on behalf of the Industry.

This past year I had the opportunity to attend the National Agriculture Employment Conference dealing with labour problems in the farming industry of our country.

Recently I was asked to attend the Quadrangular Forum in Halifax concerning the Global Economic Performance of Policies and took part in discussions on Free Trade.

This past November I chaired the 2nd National Farm Women's Conference in Charlottetown. The planning for this conference took a year and a half and fifty committee meetings.

We dealt with the Agriculture Crisis and the Farm Woman, the family and the consumer.

Out of the conference came a statement. We recognized that there is a critical national agricultural crisis in the nation, and we urged our Federal and Provincial Governments that action be taken to stop the impact that this crisis is having on the multitude of farm women, our families, the viability of our farms and ultimately the financial health of our country.

A clear consensus came from our meeting that action must be taken on Farm Credit and Debt Issues, Establishment of fair prices for commodities, and opposition to free trade.

A commitment to network with farm women's groups across Canada. Farm women must work together in their own right and with men to gain power for agriculture. Farm women must participate in agricultural organizations and government bodies if we are to achieve our strength in agriculture.

You are involved in Agriculture, this is your business but you must establish your priorities. You may have to give up skiing or bridge to survive. Get into an organization that is effective, if you can't find one that meets your goals, then form your own. As farmers, we must work together if we are to survive.

Get out and meet your M.P.s and M.P.P and their staff. Call them on the phone or write them and let them know your problems in your industry.

If we are to be recognized with farm groups and government we must be prepared to be accessible.

We must make government and lending institutes aware that women and children cannot continue to be the silent unpaid labour in agriculture, enabling the consumers to benefit under our cheap food policy.

It's time our whole families; both male and female, work together and search for solutions. And ladies, we cannot do that by remaining hidden at home.

I urge you and your families to get involved in your farm groups. Often the husband cannot get away to meetings but other members can go and take ideas to these meetings and bring back the message of what has taken place.

Remember you are not getting involved for yourself alone, but for your children and grandchildren. With only 4% in farming today, feeding this country, we must work together to survive.

If we cannot hold on as farmers today, who will feed the people of our country tomorrow when our youth has been forced out of agriculture.

The large corporations will not support this cheap food policy and consumers must be made aware of this.

Are farmers prepared to go with a supply management system in our potato industry - or a single desk selling?

For years we have worked in the free enterprise system, we have become more efficient and now are faced with producing more food than we ever have before.

Our great efficiency and our production is now costing us our land and our homes for our future family farms. But remember if we don't develop our own future plans and policy it will be developed without us -- too long we have stayed home and allowed economists and others to make our policies in agriculture. We have been so long, growing better crops, that we did not realize what non farmers were proposing for us.

Today we have economists questioning the existence of our national marketing boards in the prospects of free trade. Our joint marketing plans are also threatened, particularly the ones with supply management which offers security of income and cost of production.

I know that we sometimes say - what can I do? Well try to arrange babysitting with a sitter service or a neighbour and make the effort to attend these meetings.

I keep my three grandchildren when my daughter-in-law is nursing, but when I have meetings we use the local day care for the older two and arrange to have the baby remain with another member of the family.

Many farm women are well educated, well read, and only need to be more informed to be effective. Get out and take courses in public speaking through your local leadership institutes. I know you can do it.

Many of us will need courses in dealing with stress so we can handle these changing times when children are asking for skis, skates or that new brand of jeans, but you know that the farm loans need payment, and the banker calls to say you are overdrawn again, and to top all that hubbie comes in to say the price of potatoes has dropped.

We must all remember, we are played by the brokers, in a game of lowering prices, and they know this year we are running scared that we will be left with many potatoes in storage, and our working capital strained to capacity, but now is the time we should be sticking together, not blaming someone else for lowering the prices. We cannot continue losing many of our large aggressive potato producers.

Many of our successful farmers have great reservations about the future. Our problems are not all bad management.

In 1984, according to a Farm Credit Corporation survey, farmers with the most debt are also producing the most food and at the greatest efficiency.

One third of the farmers (those with less than $30,000.00 annual sales) control 14% of the assets, operate with 7% of the debt, and produce 4.5% of the total sales in 1984.

At the other end of he scale, (farmers with sales greater than $80,000.00) control 60% of the assets, operate with 72% of the debt, and produce 77% of the total volume of sales.

A lot of this large debt is carried by our youngest, most productive and innovative farmers.

How long before farmers will realize we must work together to survive? We must be prepared to cut back on production and not at the cost of losing our neighbours.

**MARKETING BOARDS/SUPPLY MANAGMENT**

**WHY DOES IT WORK FOR MILK**

**PRODUCER - BILL SHERWOOD**

**CHAIRMAN - MILK MKTG. BOARD**

**SUSSEX, N. B.**

ln 1960's, milk production was in sharp decline; producer numbers were falling rapidly; processing plants were closing; average age of milk producer was increasing; milk sales depended on where you lived and who you knew.

A note would come back from the dairy with the can, saying "Ship no milk tomorrow." Sometimes the dairy would even send the milk back in the can. Dairies were buying surplus milk from producers at $2.00, and selling it raw to another dairy for processing at $10.00.

In 1970, a Royal Commission recommended producers band together to sell raw milk, direct transportation to best market at least cost, bill processor and pay producers. Milk producers agreed to try this in 1973, and a Board of 7 members was established in July 1973.

The Board took one full year to develop, in conjunction with milk producers throughout the region, policies to be used in the marketing operation, established Local Milk Committees, election procedures, etc., marketing the first milk in July 1974. In the beginning, the market area was the southern part of the province only; this was expanded January 1, 1975, to include the North-west, and further expanded January 1, 1976, to include the entire province.

An equitable marketing quota system was set up. Producer price per unit and total income improved immediately, and transportion costs improved on a continuous basis. Producers became involved in market development; markets increased. Producer numbers increased; average age declined. Milk is now the largest commodity in N.B.

How did producer equity, producer stability, and producer profitability come about?

1. Producers spent considerable time identifying the problem areas (a) income; (b) market access; (c) transportation; (d) market size; (e) equity and (f) stability;

2. Producers spent considerable time identifying solutions: (a) expansion of co-op dairy system; (b) paper price paid between dairies; (c) producer-controlled marketing operation, milk pool; (d) government-operated pool;

3. Milk producers decided to give producers' milk pool a try.

Present situation of Dairy farmers in N.B.

(1) Stable markets; (2) reasonable income; (3) equitable system of sharing available market: (4) active market development and expansion program; (5) federal price support system; (6) controlled production to avoid unwanted and very costly surplus of milk and dairy products; (7) federal government committed to five-year dairy policy which includes a subsidy of $6.03/hl of milk produced for Canadian requirements of industrial milk. This subsidy reduces the price the Canadian consumer pays for dairy products such as cheese, ice cream, butter, skim milk powder, evaporated milk, etc. by 12-13%.

Why Does It Work

1. One desk selling to 9 buyers, instead of 510 selling to 9 buyers.

2. All 510 producers, working with their 10-man Board, control production to meet available markets.

3. All 510 producers participate in an active market development and expansion program.

4. All 510 producers, through their Board, participate by consensus with all other dairy-producing provinces and the federal government to produce Canadian milk requirements at reasonable prices.

5. Surplus removal costs are paid for by producers.

6. Producers get involved working together for their own benefit. The majority of producers determine their own policy and programs.

# PRODUCER ATTITUDES TO AGRICULTURAL ORGANIZATIONS IN NEW BRUNSWICK

H. Raymond Scovil,
Chairman, Farm Products Marketing Commission
N.B. Dept. of Agriculture

It's a pleasure for me to have the opportunity to speak to this seminar to discuss the very important topic of agricultural organizations.

Agricultural organizations have had a long history in the province of New Brunswick. In fact, they go back to even before confederation in 1867. One of the first organizations founded by leading citizens and government officials was known as the New Brunswick Society for the Encouragement of Agriculture, Home Manufacturers and Commerce.

There was a man known as Dr. James Robb, who was an outstanding promoter of farming and education of farmers. He served in several capacities on the New Brunswick Agricultural Society, and also chaired a commission set up by the New Brunswick legislature in 1856 to assess the need for improvements to agricultural societies in the province, and the policy of making government grants to them. This commission circulated a

questionnaire and asked farmers to consider the need for a central board to govern agriculture, a model farm, more education on agriculture in the public schools and a superintendant of agriculture for the province.

This report drew heavily on the findings of a professor Johnston. The government was presented a document in 1857 on the findings of the commission that can be viewed now as the first step toward the eventual founding of a Department of Agriculture. Of course, there have been many changes in types and kinds of organizations serving farmers in the Province since the 1850's.

In preparing for this address today, we decided to take a look at the different categories of agricultural organizations in the Province of New Brunswick, and do an inventory of them. In doing this, we did take a look at the purposes and activities of these organizations at the present time. We also decided we should get some first-hand information from farmers on their attitudes and opinions about agricultural organizations in the province and also in Canada.

In undertaking this task, we first tried to locate information on studies on farmers attitudes towards agricultural organizations in other provinces. A literature search of 14 possible sources, including the Federations of Agriculture, the Library of the Federal Parliament, and universities revealed no

information on this specific topic. It is interesting to note that the University of Guelph at Guelph, Ontario has several people on staff who have conducted research on farmers attitudes on other subjects. Also, the University of Western Ontario has a staff member who has done a study on agricultural development in Atlantic Canada. However, none of these people were aware of any studies on attitudes on agricultural organizations.

We then compiled a list of all farm organizations in New Brunswick and used various sources of information which included the New Brunswick Department of Agriculture, the New Brunswick Federation of Agriculture, The New Brunswick Agricultural Directory, the Co-operative and Credit Union Branch of the N.B. Department of Justice, and farmers themselves.

Our search showed that there were at least 86 farm organizations, and these included only Provincial organizations such as the New Brunswick Soil and Crop Improvement Association, the New Brunswick Federation of Agriculture and the various provincial marketing boards. We did not include regional groups such as the local agricultural Societies and Artificial Breeding Co-operatives. If these had been included, the number would have been significantly higher.

"Canadian Agriculture in the Seventies", the report of the Federal Task Force on Agriculture in December 1969, stated that there were over 10,000 identifiable local, Provincial and National Farm Organizations in Canada at that time.

In our review, we were able to find out something about the constitution and objectives of some of the organizations. The previously mentioned report of the task force on agriculture said that general objective of every farm organization should be to improve the economic lot of its members, and in some cases also to improve social and educational standards of members and perhaps the communities. Generally, this was reflected in the objectives of the organizations from which we received information. We decided to place the over 84 organizations into seven groups as follows: (1) Co-operatives, (2) Breed association, (3) Commodity Associations, (4) Farm Representation Organizations, (5) Marketing Boards, (6) Agri-business, and (7) Service Groups.

Co-Operatives

The co-operative movement in the maritimes had its real beginnings in 1927, when a Royal Commission was established to investigate the critical state of the fishing industry in the Maritimes. Since that time, there has been considerable expansion of co-operatives in the agricultural field.

The first agricultural co-op in the Atlantic Region, the Maritime Livestock Board, was established in 1927 in response to the need for marketing wool, pork and beef. In 1930, this organization was replaced by the Canadian Livestock Co-operative Ltd. which in-turn evolved into what is now know as Co-Op Atlantic.

These two developments in the fields of fisheries and agriculture paved the way for the growth of a considerable number of fishing and farmer co-operatives during the 30's and 40's in New Brunswick and generally throughout the Maritimes. At the present time, there are 99 co-operative associations with assets of about $51,000,000 in the province and a membership of well over 40,000.

Livestock Breed Associations

There are 11 breed associations in the province. These are associations such as the New Brunswick Holstein Association, New Brunswick Ayrshire Association, New Brunswick Hereford Association, etc. In practically all cases, these breed associations are members of a national organization.

For example, the overall organization for holstein cattle in Canada is known as the Canadian Holstein Association. It is a very active association in promoting the breed, and in fact keeps the official records for this breed. All the breed associations take a very active role in promoting the improvement of livestock through artificial breeding, exhibitions, shows, etc.

Commodity Associations

There are 20 commodity associations in New Brunswick. For the Purpose of this category, these are associations such as the Strawberry Growers Association, Vegetable Growers Association, Seed Potato Growers Association and the New Brunswick Fruit Growers Association.

There are organizations other than legally organized marketing boards, and they have a variety of objectives. Some are concerned only with promoting their product, while others get involved in educational and marketing activities. For example, the New Brunswick Fruit Growers Association, which has been in operation since 1904, is involved almost entirely with apple production and marketing. As a result, the association has been concerned about quality improvement through establishing grade standards, as well as exhibiting at various fair and shows. The association also has conducted many extension and educational activities such as illustration orchards to test new varieties and cultural practices.

Other commodity organizations include the N.B. Pork Producers, Blueberry Growers and Sheep Breeders Association. I would say in summary that, in general, these associations have been established to promote the improvement of the commodity and to deal with the various problems in production and marketing. Of

course, the associations use different ways and methods of carrying out this general objective. In some cases they promoted marketing boards, while in others they organized shipping clubs, marketing pools, etc.

Farm Representation Organizations

There are three provincial farm representation organizations in N.B., and these for the most part represent farmers and strive to improve policies through government and other organizations. An example of a farm representation organization is the New Brunswick Federation of Agriculture.

The New Brunswick Federation of Agriculture is a non-profit and non-partisan general farm organization of New Brunswick, incorporated under the Companies Act of the province.

As a general farm organization with 15 member organizations, the N.B.F.A. is the umbrella group that assembles the viewpoints of New Brunswick Farmers, develops province-wide policy and delivers these policies and statements to government and the general public. The New Brunswick Federation of Agriculture, along with the other provincial federations, make up the Canadian Federation of Agriculture which is the major national farm policy group in Canada.

Other farm representation groups include La Federation des Agriculteurs Francophones du Nouveau-Brunswick and the National Farmers Union.

Marketing Boards

A recent review of marketing boards indicates that there has been a significant expansion in the number of agricultural marketing boards and agencies in the past 10 years. In fact 80% of the farm cash income in New Brunswick is associated with marketing boards. This includes organizations that are operating under both federal and provincial legislation.

During the past decade, the interest in marketing boards on the part of farmers has greatly increased. This major interest and support for organized marketing has resulted in the establishment of 11 agricultural marketing boards or agencies in the province as follows: The New Brunswick Apple Marketing Board, the New Brunswick Greenhouse Products Marketing Board, the New Brunswick Chicken Marketing Board, the New Brunswick Cream Producers Marketing Board, the New Brunswick Egg Marketing Board, the New Brunswick Hog Marketing Board, the New Brunswick Milk Marketing Board, the New Brunswick Turkey Marketing Board, the New Brunswick Potato Agency, the New Brunswick Cattle Agency, and the New Brunswick Tobacco Marketing Board.

On the National level, marketing boards started in Canada in the 1930's. Farmer interest, at that time, developed because they were suffering from very low prices and income, and because a Royal Commission stated that this was partly caused by concentration among processors and other secondary industries. This mean that thousands of farmers were selling products independently without any bargaining power; while, on the other hand, there were few buyers who were able to dictate the terms. As a result, farmers frequently received prices below the cost of production and many went bankrupt.

In order to achieve co-ordination between the provinces on Agricultural Marketing, the Federal Government enacted the National Farm Products Marketing Agencies Act in 1972. This gave farmers the authority to set up national marketing programs with powers ranging up to control over both supply and prices (called supply-management) for their commodities.

Three agencies have been established under this legislation, namely the Canadian Chicken Marketing Agency, the Canadian Egg Marketing Agency and the Canadian Turkey Marketing Agency. Another Federal agency concerned with marketing is the Canadian Dairy commission, which has responsibility for the supply management program for industrial milk, in co-operation with the Provincial marketing boards. In addition, there is a federal organization known as the Canadian Wheat Board which operates under Federal Legislation and is responsible for national grain marketing programs.

The organizational requirements of the food production and marketing system, which carries out the functions and how, are considerably more controversial than the concept of the basic functions themselves.

From the producer's point of view, the organization should be such that it meets two essential conditions. In the first place, it must enable producers to make effective production plans. This raises questions concerning the best form of organization among producers for rational production planning. The second requirement is that producers be organized so they can protect and promote their interest in the marketplace by influencing actions and decisions of processors and distributors.

In New Brunswick there are presently three different marketing systems or types of organizations that are applied to the various commodities, as follows:

1) Regulations without supply management
2) Regulation with supply management
3) Price stabilization

Regulation without supply management

Marketing Boards established under this system are generally provincial organizations. There are no equivalent national

marketing agencies; and while they may liaise with other provincial boards, the marketing plans and powers that they operate under are solely a provincial matter.

The purpose of this system is to protect and promote the interest of farmer members of the organization through the following range of measures:

1) Registration, licensing and control of producers in the overall interest of the commodity group.
2) Collection of fees and levies to enable the organization to operate as an independent body.
3) Setting and maintenance of quality standards.
4) Standardization of packaging.
5) Negotiation of minimum wholesale prices for various grades of product.
6) Control of product flow to the market
7) Establishment of a marketing pool
8) Provision of market information
9) Conduct of promotion/advertising campaigns
10) Co-operation with appropriate government and private sector agencies.

The commodity organizations that utilize this marketing system in New Brunswick are the Apple Marketing Board, the Greenhouse Products Marketing Board, the Cattle Marketing Agency, the Potato Agency and the Hog Marketing Board. While they all

operate on the basis of common principles, the marketing plans and regulations of each organization vary according to the nature of the product and marketing requirements. The Hog Marketing Board, in particular, is very different from the other three in that it operates pool marketing and also has a price stabilization program.

## Regulation with Supply Management

Supply management, as the term implies, is the system whereby the quantity of production of a commodity is controlled, through central decision making, in the interest of the producer, the consumer and national and regional economies. The objectives of the system may be stated as follows:

1) Maintenance of a viable production base (National and Provincial).
2) Provision of the means whereby farmers can make rational long-term production plans.
3) Prevention of surplus production.
4) Provision of stable and adequate farm incomes, i.e. a satisfactory rate of return on the resources invested.
5) Provision of an assured supply of quality products to the consumer at fair and stable prices.

The means employed for achieving these objectives are:

1) Application of production quotas (National, provincial and producer).
2) Limitation of new entrants
3) Import controls
4) Removal of surpluses from the market
5) Administered pricing
6) Commodity promotion to maintain and expand the market

In New Brunswick there are five marketing boards that operate under supply management plans, namely: the Milk Marketing Board, the Cream Producers Marketing Board, Egg Marketing Board, Chicken Marketing Board and Turkey Marketing Board.

## AGRI-BUSINESS

Agri-business organizations generally refer to those that are associated with the agricultural industry in the processing and marketing sector. Generally, these are corporations who operate as a business, and in some cases they are private companies, while in others their shares are available on the stock market. These organizations play a very important role in processing, marketing and distribution with many of our farm products that are produced in New Brunswick. Without these organizations, certainly New Brunswick would not be able to produce and market nearly the volume that we grow at the present time.

In this day and age, the food industry is turning out a vast array of consumer products, many which would be unrecognizable to the consumer 15 or 20 years ago. These so-called convenience foods, which cut preparation to a minimum, have developed at a particularly rapid rate in the last decade, and there seems little slackening of the pace. While there can be little doubt that much of the demand for this product is genuine, it stems from the greater number of working wives and a higher premium placed on leisure time.

SERVICE GROUPS

For the most part, these organizations provide various services to farmers; and usually operate on a non-profit basis. Some examples of service associations would include Agricultural Societies, Soil and Crop Improvement Associations, Women's Institutes, and Farm Women.

Quite often with these service groups it is their main purpose to provide an opportunity for farmers to get together and look at some of the problems, and they share in their knowldege of production and marketing practices. They bring together speakers, organizing seminars, planning illustration plots and tours.

SURVEY

As indicated, we did conduct a survey of 102 farmers who were selected on a random basis from every part of New Brunswick. The purpose of the survey was to really find out what farmers are, in fact, saying , and what they think about agricultural organizations in New Brunswick.

This survey was conducted on February 8th and 9th. Some of the questions that were asked in this telephone interview included: what organizations they could name, what they thought the purpose of each organization they named was, what organizations they dealt with, and how they rated the organizations they dealt with, and why they were rated in this manner.

It's obvious with this number of organizations that farmers must really think they are worthwhile, because there is considerable cost and work involved in operating these associations, federations and marketing boards. Although we don't have completely accurate figures, we did an estimate based on contacts with many of the organizations that farmers are paying in the vicinity of several million dollars to run these organizations for their benefit in the Province of New Brunswick.

Survey Results

Co-Operatives and Acceptability

Twenty-six of the respondents said they "Dealt with" co-operatives. The most popular rating among the 26 was "acceptable", being given 17 times; followed by "more than acceptable", given 5 times; and "less than acceptable" being given in only 3 out of 26 cases. One respondent was unable to rate co-operatives.

For the 17 respondents rating co-operatives as "acceptable" the most popular reason was that they were "doing a good job". Among the 5 respondents rating co-operatives as "more than acceptable", the main reason appear to involve their administration and organization. The 3 respondents rating co-operatives as "less than acceptable" gave a variety of reasons, of which "no particular reason" was the most popular.

BREED ASSOCIATIONS

Nine of the respondents answered that they dealt with breed associations. The most popular rating among the 9 was "acceptable", being given by 6 respondents; followed by "less than acceptable", given by 2; and "more than acceptable" being given in 1 of the 6 cases.

For the 6 respondents rating breed associations as "acceptable" the most popular main reason given to explain this involved the association being seen as a source of producer information.

Among the two producers rating breed associations as "less than acceptable", a variety of main reasons were given, of which "no particular reason" was the most popular. The 4 respondents who felt that commodity associations were "more than acceptable" gave a variety of reasons.

Farm Representation Groups and Acceptability

Twenty-seven of the respondents answered that they dealt with farm representation groups. The most popular rating among the 27 was "acceptable", being given by 21 respondents; followed by "more than acceptable", given by 4; and "less than acceptable", being given in only one of the 27 cases. A single respondent expressed the opinion that they could not rate farmer representation groups.

For the 21 respondents rating farm representation groups as "acceptable", the most popular main reason given to explain this was that the associations were seen to be "doing a good job".

Among the producers rating farm representation groups as "more than acceptable", a variety of main reasons were given, of which "doing a good job" was again the most popular. The respondent

who felt that farm representation groups were "less than acceptable" gave a reason relating to the organization and administration of a farm representation group.

Marketing Boards

Seventy-nine of the respondents answered that they dealt with marketing boards. The most popular rating among the 79 was "acceptable", being given by 42 respondents; followed by "less than acceptable", given by 26; and "more than acceptable" being given by 8 of the 79 respondents. Three respondents expressed the opinion that they could not rate marketing boards.

For the 42 respondents rating marketing boards as "acceptable", the most popular main reason given to explain this was in the category of "price satisfaction".

Among the 26 respondents rating marketing boards as "less than acceptable", the most popular main reason was "unimproved producer returns".

The respondents who felt that marketing boards were "more than acceptable", gave a reason relating to supply management, producer information and improved producer returns.

## Agri-Business and Acceptability

Five respondents answered that they dealt with agri-business organizations. The most popular rating among the 5 was "acceptable", being given by 4 of the respondents; and the remaining one respondent rated agri-business as "more than acceptable".

The most popular main reason for rating agri-business as "acceptable" appears to be involved with supply management. It may be appropriate to mention that the most often named agri-business was Dairytown Products Limited.

The one respondent who related agri-business as "more than acceptable" gave improved producer returns as his main reason.

## Service Groups and Acceptability

Sixteen respondents stated that they dealt with service groups. The most popular rating was "more than acceptable", given by 8 respondents; followed by "acceptable", given by 5 respondents; and "less than acceptable" given by 3 respondents.

Of the 8 respondents rating service groups as "more than acceptable", the main reason given was they they were seen as a source of producer information.

Among the 5 respondents rating service groups as "acceptable", the most popular main reason was that producers saw them as doing a good job.

The 3 producers rating service groups as "less than acceptable" gave a variety of reasons, of which "no particular reason" was the most popular.

Producers were asked to identify what farmer organizations they actually dealt with.

The respondents were asked to rank the three most important purposes of each organization they had dealt with. A procedure was then used by which the frequence of each purpose mentioned was totaled. The purpose mentioned most often was considered the main purpose in the respondents' collective opinions. A similar procedure was used to determine the second and third purpose, again in the respondents' collective opinions.

The above procedure indicates that in the collective opinions of the respondents, the main purpose of co-operatives is to "improve producer return". This same procedure identified "to promote the product or breed", and pricing as the second and third purposes of co-operatives in the collective opinions of the respondents.

In the case of breed associations, the above procedure, combined with respondents ranking of purpose leads to the conclusion that the main purpose of breed associations in the respondents' collective opinions was "to promote the product or breed", while the second was "to improve producer return", followed by a tie for third between "promote good management practices" and "to lobby".

The respondents' opinion on the purpose of commodity associations, when subjected to the above procedure, showed "to improve producer returns" as the main reason, followed by "to promote good management practices" as the second, and "to promote the product or breed" as the third purpose in the respondents' collective opinions.

The use of the outlined procedure applied to respondents ranking on the purpose of farm representation groups led to the conclusion that the main purpose in the respondents' collective opinions was a tie between "improving producer returns' and "to lobby". The third purpose after these two was determined to be "to co-ordinate efforts for collective action".

The collective opinion of the respondents on the purpose of marketing boards was that their main purpose was "to improve producer returns". This was followed by "to promote the product or breed" as second, and "pricing" as the third purpose in the collective opinion of the respondents.

The purpose of agri-business in the collective opinion of the service groups determine a tie existed for most important purpose between "promote good management practices" and "improve producer returns". Following these two, it was determined that "to educate the producer and consumer" were the next two most important purposes in the collective opinion of the respondents.

Each of the 91 respondents was then asked "what farmer organization are you a member of?" There were a total of 150 memberships held by the 91 respondents. Each time a respondent identified membership in an organization, they were asked "why are you a member of this organization?"

In the case of co-operatives, the reason given most often by the respondents for membership was "to improve producer returns". For the breed associations, the most common reason for membership was "services offered". The respondents claiming membership in commodity associations most often identified "information provided" as the reason for joining. The most popular reason for membership among the respondents who were members of farm representation groups was "to improve producer returns".

In the case of marketing boards, the most common reason for membership by a large margin was given as "compulsory".

The respondents who held membership in agri-business organizations did so for a variety of reasons.

The respondents claiming membership in the service groups identified "information provided" as the most popular reason for membership.

Respondents who claimed membership in a farmer organization were then asked how often they attended meetings of that organization. The respondents were given the choice of "attend every one", "attend almost every one", "attend three quarters", "attend one half", "attend one third", "attend less than one third", or "do not attend". The most common response given was "attend every one", followed by the responses "almost every one", and "less than one third", in that order.

Respondents were also asked why the attended the number of meetings they did. The two most popular reasons for why respondents attended the number of meetings they did was "information", and "other commitments", in that order.

## SUMMARY

In summary then, we can say that there are at least 86 province-wide agricultural organizations in New Brunswick. If the local and regional organizations were included, it would certainly be in excess of 125.

In looking at this large number superficially, one would quite quickly come to the conclusion that there are too many organizations serving agriculture. However, when this subject is pursued in more depth, as was done by the staff of the Farm Products Marketing Commission in their research and also in conducting interviews with over 100 farmers in the province, the results clearly show that farmers think they are very important, because they are spending several million dollars annually to operate these organizations.

In addition, the survey shows that 74% gave the rating on the organizations as "acceptable" or "more than acceptable"; ad 22% said that they were doing a "less than acceptable" job. 4% gave no rating.

It can also, I think be concluded that there are two main purposes of these organizations; one is to improve the economic position of the membership, and secondly to provide information and knowledge on the latest production and marketing practices.

Agricultural organizations in New Brunswick have a long history starting in the 1850's, and there are many more of them today with very active and important programs, even though there are a lot less farmers in the province than there were at the turn of the century.

*Respondent's Rating On The Performance*

*Of*

## "CO-OPERATIVES"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "ACCEPTABLE" | 17 |
| 2nd | "MORE THAN ACCEPTABLE" | 5 |
| 3rd | "LESS THAN ACCEPTABLE" | 3 |
| | *NO RATING GIVEN* | *1* |
| | *TOTAL* | *26* |
| | | |

*Respondent's Rating On The Performance*

*Of*

# "BREED ASSOCIATIONS"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "ACCEPTABLE" | 6 |
| 2nd | "LESS THAN ACCEPTABLE" | 2 |
| 3rd | "MORE THAN ACCEPTABLE" | 1 |
| | *NO RATING GIVEN* | *0* |
| | *TOTAL* | *9* |

*Respondent's Rating On The Performance*

*Of*

## "COMMODITY ASSOCIATIONS"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "ACCEPTABLE" | 25 |
| 2nd | "MORE THAN ACCEPTABLE" | 9 |
| 3rd | "LESS THAN ACCEPTABLE" | 4 |
| | *NO RATING GIVEN* | *2* |
| | *TOTAL* | *40* |

*Respondent's Rating On The Performance*

*Of*

## "FARMER REPRESENTATION GROUPS"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "ACCEPTABLE" | 21 |
| 2nd | "MORE THAN ACCEPTABLE" | 4 |
| 3rd | "LESS THAN ACCEPTABLE" | 1 |
| | *NO RATING GIVEN* | 1 |
| | *TOTAL* | 27 |

*Respondent's Rating On The Performance*

*Of*

## "MARKETING BOARDS"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "ACCEPTABLE" | 42 |
| 2nd | "LESS THAN ACCEPTABLE" | 26 |
| 3rd | "MORE THAN ACCEPTABLE" | 8 |
| | *NO RATING GIVEN* | 3 |
| | *TOTAL* | 79 |

*Respondent's Rating On The Performance*

*Of*

# "AGRI-BUSINESS"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "ACCEPTABLE" | 4 |
| 2nd | "MORE THAN ACCEPTABLE" | 1 |
| 3rd | "LESS THAN ACCEPTABLE" | 0 |
| | *NO RATING GIVEN* | 0 |
| | *TOTAL* | 5 |

*Respondent's Rating On The Performance*

*Of*

"SERVICE GROUPS"

| *RANKING* | *RATING GIVEN* | *FREQUENCY* |
|---|---|---|
| 1st | "MORE THAN ACCEPTABLE" | 8 |
| 2nd | "ACCEPTABLE" | 5 |
| 3rd | "LESS THAN ACCEPTABLE" | 3 |
| | *NO RATING GIVEN* | 0 |
| | *TOTAL* | 16 |

TABLE A

"COLLECTIVE OPINION OF THE RESPONDENTS
ON THE 3 MAIN PURPOSES OF:

CO-OPERATIVES

1 "TO IMPROVE PRODUCER RETURNS"

2 "TO PROMOTE THE PRODUCT OR BREED"

2 "PRICING"

BREED ASSOCIATIONS

1 "TO PROMOTE THE PRODUCT OR BREED"

2 "TO IMPROVE PRODUCER RETURNS"

3 "TO PROMOTE GOOD MANAGEMENT PRACTICES" & "TO LOBBY"

COMMODITY ASSOCIATIONS

1 "TO IMPROVE PRODUCER RETURNS"

2 "TO PROMOTE GOOD MANAGEMENT PRACTICES"

3 "TO PROMOTE PRODUCT OR BREED"

TABLE B

"COLLECTIVE OPINION OF THE RESPONDENTS
ON THE 3 MAIN PURPOSES OF:

FARMER REPRESENTATION GROUPS

1 "TO IMPROVE PRODUCER RETURNS" / "TO LOBBY"

3 "TO COORDINATE EFFORTS FOR COLLECTIVE ACTION

MARKETING BOARDS

1 "TO IMPROVE PRODUCER RETURNS"

2 "TO PROMOTE PRODUCT OR BREED

3 "PRICING"

AGRI-BUSINESS

1 "TO IMPROVE PRODUCER RETURNS"

2 "TO LOBBY" / "SUPPLY MANAGEMENT"

3

SERVICE GROUPS

1 "TO PROMOTE GOOD MANAGEMENT PRACTICES" /"TO IMPROVE PRODUCER RETURNS

3 "TO EDUCATE THE PRODUCER AND CONSUMER"

THE MOST COMMON REASON FOR MEMBERSHIP
IN EACH CATEGORY OF ORGANIZATION

| ORGANIZATION | MOST COMMON REASON |
|---|---|
| CO-OPERATIVES | "TO IMPROVE PRODUCER RETURNS" |
| BREED ASSOCIATIONS | "SERVICES OFFERED" |
| COMMODITY ASSOCIATIONS | "INFORMATION PROVIDED" |
| FARM REP. GROUPS | "TO IMPROVE PRODUCER RETURNS" |
| MARKETING BOARDS | "COMPULSORY" |
| AGRI-BUSINESS | "VARIETY" |
| SERVICE GROUPS | "INFORMATION PROVIDED" |

| *STRATIFICATION OF SAMPLE* | |
|---|---|
| *COUNTY* | *RESPONDENTS* |
| ALBERT | 2 |
| CARLETON | 15 |
| CHARLOTTE | 3 |
| GLOUCESTER | 4 |
| KENT | 8 |
| KINGS | 13 |
| MADAWASKA | 7 |
| NORTHUMBERLAND | 4 |
| QUEENS | 3 |
| RESTIGOUCHE | 3 |
| ST.JOHN | 2 |
| SUNBURY | 2 |
| VICTORIA | 8 |
| WESTMORLAND | 14 |
| YORK | 3 |
| REFUSALS | 11 |
| *TOTAL* | *102* |

13 FEB 86 FREQUENCIES OF GROUP TYPES NAMED
16:29:16 UNIVERSITY OF NEW BRUNSWICK IBM 3081 D OS/VS2 MVS

CROSSTABULATION OF ATTEND ATTENDANCE RECORD BY WHY WHY

| ATTEND | DOES NOT ATTEND | NO REASON | INFOR-MATION | SOCIALIZ-ATION | OTHER OMMITMENTS | BELIEF IN MEMBER SUPPORT | NO BELIEF IN OBJECTIVES | NOT APPLICABLE | ROW TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| 1 EVERY ONE | | 1 | 23 | 1 | | 7 | 1 | 6 | 39<br>26.0 |
| 2 ALMOST EVERY ONE | | 1 | 21 | 1 | 3 | 4 | 2 | 4 | 36<br>24.0 |
| 3 THREE QUARTERS | | | 2 | | 4 | 1 | | | 7<br>4.7 |
| 4 ONE HALF | | | 5 | 1 | 3 | | | | 9<br>6.0 |
| 5 ONE THIRD | | | 3 | | 5 | | | | 8<br>5.3 |
| 6 LESS THAN ONE TH | | 3 | 3 | | 19 | | 5 | 1 | 31<br>20.7 |
| 99 DOES NOT ATTEND | 1 | 3 | | | | | 1 | 15 | 20<br>13.3 |
| COLUMN TOTAL | 1<br>.7 | 8<br>5.3 | 57<br>38.0 | 3<br>2.0 | 34<br>22.7 | 12<br>8.0 | 9<br>6.0 | 26<br>17.3 | 150<br>100.0 |

NUMBER OF MISSING OBSERVATIONS = 0

**CLOSING REMARKS TO THE POTATO GROWERS SEMINAR**

**AT WOODSTOCK**

Hon. Hazen Myers

Minister of Agriculture

New Brunswick

Mr. Chairman

Organizers of the Potato Grower's Seminars,

Trade Show Participants,

Potato Growers,

I see I am the last speaker on your busy agenda here in Woodstock today and I won't keep you long.

I have looked over the agenda of the last two days and know you have been very busy coming to terms with some of the serious problems facing farmers in general and particularly those in the potato industry.

I am very happy to see you have given some time to the role of the ladies in the survival of the family farm. Farming is a partnership between the husband and wife on many of our farms. There is no dollar value that can be placed on the role of the wife in respect to the family farm, I know that the stress and

worry is shared and Mrs. MacMurdo has probably given you much to think about during her presentation.

I also want to say a few words about the people who help make this seminar a well-rounded two days. The trade show participants are an important feature of any seminar. The trade show provides information and financial support and I thank them for their continued interest in agriculture.

You have heard presentations on the financial problems facing farmers, the Right to Farm Issue, marketing, farm organizations, scientific aspects of potato production, trade and in particular the problems with the U.S. and the free trade talks, government policy and marketing boards. You have probably heard enough that you now need time to digest and think about it.

The benefit you derive from any meeting such as this comes not from all you heard but from what you can use both now and in the future. Perhaps you received some new information that will help you do a better job this spring when you plant your crop. Perhaps there will have to be a longer term benefit to these seminars, but the important thing is you have been exposed to new ideas and information that is important to you as a potato producer.

I want to thank the staff of the Potato Center at Wicklow, the New Brunswick Seed Growers Association and the Potato Industry

Co-ordinating Committee for the work they put into planning and staging this seminar.

I can't help but admire this beautiful Community College here in Woodstock. I know you have an excellent agricultural program here to train the future farmers and others who will work in growing our food in the future. This is certainly a step in the right direction for future farmers because they will require a great deal of knowledge and information to survive.

In a way, agricultural education goes back a long way in Woodstock. It was through the generosity of one of the illustrious citizens here that the first agricultural school in New Brunswick was opened here not only to teach farmers but to provide public school teachers with training in the agricultural sciences.

I am sure Bob Stokes and the entire staff of the agricultural program here are aware of the needs of our future farmers and are working to make sure we have well informed, well prepared farmers for the years ahead.

Since becoming Minister, I have heard repeatedly that farmers had to do a better job telling the public what they are doing. In other words, the farmers had to do a public relations job to convince the public and the consumers that they were out there on the farms.

I believe that has been done. There are very few people in Canada who don't know that farmers have been hit with financial problems and some have gone out of business. Over the last few years, farmers have made their point and created a public awareness.

Now, I believe the time has come to start a realistic dialogue with your customers --- the consumers who buy and eat your production. You have to know what they want. You are businessmen who must see the end result on the balance sheet in terms of how well you met the market demand.

Any businessman making a product must determine whether the public wants it or not. If it does not sell, I have a feeling there would be little public sympathy for that businessman if he continued to make the product until he went broke. That is the cold, hard facts of life in the real world and whether it is farming to produce potatoes or manufacturing televisions, the same principles apply in the marketplace.

If any manufacturer overproduces and winds up flooding the market, two things have to happen. Either he faces the music and takes a lower price and a loss or he stops producing the products until the surplus moves through the system.

I believe you as potato producers, know that is exactly what is happening in your business to some extent. Competition, consumer demand and product quality are the criteria that is used for all products. The consumer, as the final judge, either spends the money to buy the product or chooses another one that he believes is a better value.

Do we know what the potato buying customer wants today? Do we know what the price the customer is willing to pay? Do we know why we are over-producing potatoes in North America?

I think most of those questions have been answered in our own minds for some time now. We have arrived at that point in time when we must rationally put into perspective what we know and set in place solutions to overcome the problems for the future. Unless the potato industry is willing to face the music and take hard steps that are required to put it on a sounder business basis, the laws of economics will take care of it for us.

I don't want to be a pessimist. I try to be a realist as much as possible. I believe there are ways to solve some of the dilemma you potato growers face from time to time with "now you have it -- now you don't" potato prices.

The potato industry is a very important part of the agricultural economy of this province. We must --- and I am referring to governments, producers, shippers, packers and processors --- do everything we can to achieve a stability that will permit us to have a potato industry in the future.

There are some tough decisions that have to be made. I am sure there are some of you here today that know exactly what those decisions are for your particular operation.

You have exercised far more restraint than our neighbours in the acres you have planted. That is why I am pushing so hard for a National Agency, not to control you but to control those provinces who are adding thousands of acres a year to potato production.

We live in an age of government restraint. All levels of government have had to come to grips with the growing deficit between what is spent and what is taken in a revenues. Governments spend to meet the demands of the people for services. Governments takne in revenue through taxes.

The first is popular but if you take any of those services away, there is a protest. The other -- the taxes to pay for the services -- are always unpopular and if you raise taxes, there is again a protest.

I can tell you now that it is difficult to get money for agriculture or any other sector of the econonmy from either the federal or the provincial governments. Every dollar spent in one direction has to come from something else. Agriculture is important but at the same time, it must compete for the funds available and the resources at the disposal of the government.

Having said that, I want to assure you that I will do whatever is possible to help you during these difficult days for the potato industry. As I said before, my options are not infinite and the resources available are not as large as I would like to see them.

We can make some progress, however, by carefully looking at our options and trying to make constructive changes to production, storage and most importantly, marketing for our annual potato crop. I believe we have a potential off-shore market to develop and with the steps we have taken in New Brunswick to produce top quality seed, we are ready to offer the customers a quality product that will do well in their fields.

There will not be an overnight turn around in off-shore sales. It is a long range development that must take place and the world competition for the markets makes it difficult to break into new markets. We are doing our best and I will be turning a lot of attention to some of these markets in the near future.

We must be ready for opportunities and take advantage of them if we are to expand in the seed export business.

1986 is moving rapidly ahead. Another three months and you will be ready to plant the crop for next year's markets.

I wish you well with 1986. Let's hope for better markets for the crop with higher prices for the producers.

# 1986 POTATO GROWERS' SEMINAR AND TRADE SHOW

Theme: Biotechnology and Trading Strategies

CONDUCTED AND PREPARED BY:

Potato Centre, Wicklow
N.B. Seed Growers' Association
Potato Industry Co-ordinating Committee
- R. P. Hinds
- Dr. R. Parry

# 1986 Potato Growers' Seminar and Trade Show

Woodstock, February 17-18, 1986
Grand Falls, February 19-20, 1986

## EXECUTIVE SUMMARY

### Objectives

1. To provide N.B. potato growers and other industry personnel with up-to-date information on production technology and marketing issues.
2. To provide an opportunity for dialogue.
3. To provide the trade with an opportunity to display their product lines and meet growers.

### Results

Four hundred and ninety-five persons attended the four days of seminars at the two locations, 304 of whom were potato growers. The program centered around Biotechnology, the Farm Financial Crisis, Pricing Mechanisms, Marketing Boards, the Role of Women in the Survival of the Family Farm and Free Trade.

The following topics were considered most beneficial - Marketing Boards, Farm Finances, Free Trade, Right to Farm and Role of Women. On a scale of 0-10, the seminar was given an overall rating of $\geq 7.3$. There are 545 registered producers/producer groups in the N.B. potato industry.

In general, the turnout of growers was encouraging and the seminar was excellent. Growers felt that they should explore better farm record keeping, marketing contracts and possibly decrease potato acreages.

## 1986 Potato Growers' Seminar and Trade Show

### OBJECTIVES

To provide N.B. potato producers, trade and other industry personnel with up-to-date information concerning new advances in production technology, current issues involving farm management, problems and opportunities in marketing and recent developments in international trade.

## 1986 Potato Growers' Seminar & Trade Show

### PROJECT DESCRIPTION

The 1986 Potato Growers' Seminar and Trade show was scheduled for Woodstock on February 17 and 18 and for Grand Falls on February 19 and 20, 1986. The theme of the seminar was "Biotechnology and Trading Strategies - Prospects for Survival." There were 4 sessions over the two day seminar at each location.

Session I - Biotechnology Section

This section dealt with the role of Biotechnology in Agricultural Development and with patents or plant breeders rights. Guest speakers were from Allelix Inc., Toronto.

Session II - Trading Strategies Section

The impact of a U.S.A./Canada Free Trade era was discussed. Key speakers were from Ottawa and the U.S.A.

Session III - Survival of the Farm Enterprise

This section deliberated the farm financial crises and the role of women. Key speakers were from the commercial banks and P.E.I.

Session IV - Market Organization and Pricing Mechanisms

Areas discussed were marketing boards and producer attitudes. The key speaker was from the N.B. Milk Marketing Board.

A dinner for potato producers and their wives was held on February 17, 1986. There were 82 persons in attendance.

## 1986 Potato Growers' Seminar & Trade Show

### BACKGROUND

Educational programs for New Brunswick potato producers and the New Brunswick potato industry are necessary in order to keep all personnel up to date on new developments in production technology and changes in marketing opportunities. Such information is required in order for the New Brunswick potato industry to maintain or enhance its competitive position in North American and World markets.

Potato specialist staff of the New Brunswick Department of Agriculture, in co-operation with the New Brunswick Seed Potato Growers' Association, have organized an annual seminar and trade show for potato growers since 1983.

Each year, a two-day program is offered at Grand Falls and also at a location in Carleton County in order to attract as many producers as possible in each area. The presentation of the Seminar and Trade Show at two sites results in considerable costs for facilities, speakers, and travel over a period of four days. However, the costs are justified by the combined attendance of from 250 to 300 potato producers at both locations.

The rationale for presenting a seminar and trade show is that such a program makes it possible for a large number of producers and industry personnel to hear various topics of major interest and concern to them discussed by some of the leading authorities available and, at the same time, to meet with other persons involved in the potato industry.

Other methods considered for education and dissemination of information include monthly newsletters, fact sheets, newspaper columns, radio programs and local evening meetings with producers. These methods are already being utilized for disseminating more specific and immediately practical information on potato production and marketing.

## 1986 Potato Growers' Seminar & Trade Show

### RESULTS

The four days of seminars at the two locations were attended by 495 persons, 304 of whom were potato growers. The breakdown was as follows:

| | Location | No. of Growers | Others | Trade Show Staff | Total |
|---|---|---|---|---|---|
| Feb. 17 | Woodstock | 69 | 41 | 18 | 128 |
| Feb. 18 | Woodstock | 52 | 25 | 18 | 95 |
| Feb. 19 | Grand Falls | 91 | 29 | 18 | 138 |
| Feb. 20 | Grand Falls | 92 | 24 | 18 | 134 |
| | | 304 | 119 | 72 | 495 |

The Grand Falls turnout was very encouraging. The farm financial crisis discussions were very timely and provoked serious dialogue at both locations. On the role of women, Wanda MacMurdo's talk was of a sterling nature and twice as many women turned out at Grand Falls as was noted at Woodstock. The talks on free trade proceeded with gusto and so were the sessions on market organizations and pricing mechanisms. The section on Biotechnology, though somewhat difficult, was diluted by the absence of the Federal representative who could not be present as a result of the "freeze" and also the absence of the speaker from McCains.

An independent evaluation was carried out by the Training Officer of the N.B.D.A. at both locations and these results are shown overleaf for the sake of completeness. On a scale of 0-10 the seminar was rated $\geq 7.3$

## CONCLUSIONS

Of the 545 registered producer/producer groups, 304 attended. Growers were quite pleased with the seminar and the suggestions made by growers in relation to future workshops have been noted. To wit that:

### Woodstock

1. More time should be allowed for discussions.
2. Try to get more growers to attend.
3. More precise time allocation for speakers.
4. Microphone to be available to attendees during question period.
5. Rotation of place of workshop.

### Grand Falls

1. More time for discussions.
2. Try to get more farmers to attend.
3. Try to get more producer wives to turnout.
4. Allocation of one hour for farmers to express their opinions about the industry.

It was felt that the workshop should be held again next year.

## EVALUATION QUESTIONNAIRE RESULTS

"Potato Growers' Seminar and Trade Show"

Woodstock, February 17 & 18, 1986

Evaluation questionnaire was completed by 15 farmers. The results are summarized as under:

1. Overall rating on 0-10 scale — 7.3 (average)

2. Seminar topics considered most beneficial

| | No. of Farmers |
|---|---|
| - Marketing | 4 |
| - Farm Credit and Finances | 4 |
| - Free Trade | 2 |
| - Right to Farm | 2 |
| - Role of Women in Agriculture | 1 |

3. Changes in operations as a result of this seminar

| | |
|---|---|
| - Buy computer for better farm records | 1 |
| - Improve farm bookkeeping | 1 |
| - Will explore use of potato future contracts | 1 |

4. Suggested topics for future workshops

| | |
|---|---|
| - Marketing | 5 |
| - Farm Finances & Bookkeeping | 5 |
| - Soil saving practices | 2 |
| - Appropriate use of farm records for management decisions | 2 |
| - Determining cost of production | 1 |
| - Pros & Cons of Breeders Legislation | 1 |
| - Marketing Boards | 1 |
| - Government Programs | 1 |
| - Right to Farm (including pesticides) | 1 |
| - Effect of world technology and economy on N.B. agriculture | 1 |
| - Pros and Cons of Potato Marketing Boards | 1 |

5. Suggestions for improving future workshops:
Attendees on the whole were quite pleased with seminar topics, facilities, delivery mechanisms and place of workshop. However, following suggestions were made to improve the future workshops:
- allow more time for discussions
- install mechanisms to inform speaker when his allocated time is over
- try to get more farmers to attend the meetings
- microphone for attendees during question period
- rotating place of workshop; Florenceville suggested

## EVALUATION QUESTIONNAIRE RESULTS

"Potato Growers' Seminar and Trade Show"

Grand Falls, February 19 and 20, 1986

Evaluation questionnaire was completed by 21 producers. The results are summarized as under:

1. Overall rating on 0-10 scale — 7.7

2. Seminar topics considered most beneficial

| | No. of Farmers |
|---|---|
| - Marketing and Marketing Boards | 9 |
| - Supply Management | 6 |
| - Role of Women | 6 |
| - Potato Trade Barriers | 4 |
| - Breeders Right | 3 |

3. Changes in operations as a result of this seminar

| | |
|---|---|
| - Decrease potato acreage | 2 |
| - Pay more attention to marketing | 1 |
| - More planning in planting | 1 |

4. Suggested topics for future workshops

| | |
|---|---|
| - Marketing techniques | 5 |
| - Farm management and importance of bookkeeping | 5 |
| - How to determine cost of production | 2 |
| - Contributions of farmers to the economy and the society at large | 1 |
| - How grassroot farmers can have their input in decision making process of the government | 1 |
| - Feasibility of making ethanol from potato culls | 1 |
| - Government programs. Discussion with the Minister | 6 |

5. Popular Speakers

| | |
|---|---|
| - Mrs. Wanda MacMurdo | 9 |
| - Mr. Bill Sherwood | 7 |

6. Suggestions for improving future workshops

| | |
|---|---|
| - Invite more farmer speakers | 5 |
| - Give more time for discussions | 5 |
| - Encourage more farm wives to attend | 4 |
| - Allocate one hour for farmers to express their opinions and ask any question | 3 |

1986 Potato Growers' Seminar & Trade Show

Appendices:

1. Seminar Program - Woodstock
2. Seminar Program - Grand Falls
3. Seminar Program (French) - Grand Falls
4. Evaluation Questionnaire

WORKSHOP

EVALUATION QUESTIONNAIRE

NAME (OPTIONAL) _____

GENERAL

- Was this workshop adequately advertised? YES _____ NO _____
- Are the time, place and facilities of the workshop to your liking? YES _____ NO _____

SEMINAR TOPIC

Name if coverage of any topic was:

- not adequate
- too long TOPIC: _____
- not clear
- satisfactory
- excellent

PRESENTATION

- Did you experience any problem in hearing the speaker/speakers? YES _____ NO _____
- Was the use of the audio-visuals to your satisfaction? YES _____ NO _____
- Any particular speaker you would like to hear in some future workshop? YES _____ WHO? _____ NO _____

EFFECT/SUGGESTIONS

- Will you make any changes in your operations as a result of this workshop? (Name some if possible) _____
_____
- Any comments or suggestions for improving future workshops?
_____
- Any NEW Topic you would like to include in some future workshop? _____
_____

RATING

- Topics you enjoyed the most
- Topics which will benefit you the most
- Topics you considered unproductive

(USE BACK OF SHEET FOR COMMENTS)

- Topics you would like to hear again in future workshops
- Your overall rating of the workshop on a 0-10 scale

# QUESTIONNAIRE D'EVALUATION DU COLLOQUE

NOM (FACULTATIF)_____

## GENERAL

- La publicité entourant ce colloque a t-elle été suffisante?

  OUI_____ NON____

- Le temps, l'endroit et les facilités vous conviennent-ils?

  OUI_____ NON____

## SUJET

Indiquer si le traitement d'un sujet a été:

- non adéquat
- trop long
- pas clair
- satisfaisant
- excellent

SUJET:_____

## PRESENTATION

- Avez-vous eu de la difficulté à entendre les conférenciers?

  OUI____ NON____

- L'utilisation d'audio-visuels a t-elle été satisfaisante?

  OUI____ NON____

- Il y a t-il un conférencier en particulier que vous aimeriez entendre lors d'un prochain colloque?

  OUI____ QUI?_____NON____

## IMPACT/SUGGESTIONS

- A la suite de ce colloque, apporterez-vous des changements à votre entreprise?

  (Nommez en si possible)_____

  _____

- Avez-vous des commentaires ou suggestions pour améliorer les prochains colloques?

  _____

VERSO

- Il y a t-il un nouveau sujet que vous aimeriez inclure lors de prochains colloques?_____

_____

EVALUATION

- Les sujets que vous avez les plus aimés
- Les sujets qui vous seront les plus profitables
- Les sujets que vous considerez inutiles
- Les sujets que vous aimeriez réentendre lors de prochains colloques
- Votre évaluation générale du colloque sur une échelle de 0 - 10